



**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
DECEMBER 17, 2019  
110 EAST MAIN STREET  
LOS GATOS, CA**

*Marcia Jensen, Mayor  
Barbara Spector, Vice Mayor  
Steve Leonardis, Council Member  
Rob Rennie, Council Member  
Marico Sayoc, Council Member*

**PARTICIPATION IN THE PUBLIC PROCESS**

**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 complete a “speaker’s card” located on the back of the chamber benches and return it to the Clerk Administrator. If you wish to speak to an item NOT on the agenda, you may do so during the “Verbal Communications” period. 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> Mondays at 7:00 p.m.  
Live & Archived Council Meetings can be viewed by going to:  
[www.losgatosca.gov/Councilvideos](http://www.losgatosca.gov/Councilvideos)***

***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  
DECEMBER 17, 2019  
7:00 PM**

**MEETING CALLED TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

- i. Community Pledge Leader - Kelli Keady

**COUNCIL / MANAGER MATTERS**

**CONSENT ITEMS** *(Items appearing on the Consent Items are considered routine and may be approved by one motion. Any member of the Council or public may request to have an item removed from the Consent Items for comment and action. If an item is pulled, the Mayor has the sole discretion to determine when the item will be heard. Unless there are separate discussions and/or actions requested by Council, staff, or a member of the public, it is requested that items under the Consent Items be acted on simultaneously.)*

1. Approve Council Meeting Minutes of December 3, 2019.
2. Adopt the proposed Green Monday Resolution.
3. Approve Revisions to the Town Council Code of Conduct Policy.
4. Adopt Council Committee Appointments Effective January 1, 2020.
5. Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding the Land Use Appeal Process.  
Town Code Amendment Application A-19-008. Project Location: Town Wide. Applicant: Town of Los Gatos.
6. 2019 California Building, Fire, and Reach Codes  
Adopt an ordinance repealing and replacing Chapter 6, Building Regulations, and Chapter 9, Fire Prevention and Protection, of the Town of Los Gatos Municipal Code with the new 2019 California Building and Fire Codes, as amended, including reach codes. (Town Code Amendment Application A-19-009. Project Location: Town Wide.)
7. Winchester Boulevard Complete Streets Improvements:
  - a. Authorize the Town Manager to Negotiate and Execute an Agreement for Consultant Services with Kimley-Horn and Associates, Inc. in an Amount Not to Exceed \$250,000 for Engineering Design
  - b. Authorize an Expenditure Budget Transfer of \$280,000 from the Bicycle and Pedestrian Improvement Project Budget (411-813-0231) to a New Project of Winchester Boulevard Complete Streets Improvements (411-813-0238).
8. Authorize the Town Manager to Issue Procurement Documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization).
9. Adopt a resolution authorizing the continued use of Supplemental Local Law Enforcement Services Funds (SLESF) to provide funding for two full-time Police Officers assigned as motorcycle traffic officers.

- [10.](#) Authorize the Town Manager to Execute a Memorandum of Understanding (MOU) with the County of Santa Clara Office of the District Attorney Crime Laboratory for Major Case Work.
- [11.](#) Receive Report on Senate Bill (SB) 1383 and impacts on the Town's Garbage and Recycling Program.
- [12.](#) Receive the Report on the Permanent Installation of Traffic Calming Devices for College Avenue Between Jones Road and Pageant Way.
- [13.](#) Authorize the Town Manager to Execute a Five-Year Agreement for Services with Air Systems, Inc. for Routine Heating, Ventilation, and Air Conditioning (HVAC) Services in Town Facilities in an Amount Not to Exceed \$29,183 for Year 1 and \$50,028 Annually Thereafter, Plus an Additional \$30,000 Annually for Unanticipated Repairs for a Total Agreement Amount Not to Exceed \$379,295.
- [14.](#) Authorize the Town Manager to Negotiate and Execute a Five-Year Agreement for Services with Cartegraph, Inc. for Enterprise Asset Management System Services Effective January 1, 2020 Through December 31, 2024 in an Amount Not to Exceed \$37,283 Annually Plus a Three Percent Annual Escalation, and a Total Agreement Amount Not to Exceed \$197,803, With Three Five-Year Options Thereafter.
- [15.](#) Approve an Amendment to the Classification Plan to Comply with the California Minimum Wage Increase Effective January 1, 2020 and to Adjust the Police Officer Reserve and Police Officer Temporary Rate of Pay.
- [16.](#) Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with KCAT-TV to Add Live Streaming Services.
- [17.](#) Comprehensive Annual Financial Report (CAFR):
  - a. Receive the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019, and
  - b. Adopt a Resolution Confirming June 30, 2019 Fund Balances in Accordance Fiscal Year 2018/19 Final Audit and Town Council General Fund Reserve Policy.

**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.)*

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

- [18.](#) First Reading and Introduction of an Ordinance of the Town of Los Gatos Amending Chapter 16, Article II, Section 16.020.035 of the Town Code Entitled Construction.

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

- [19.](#) Receive the Comprehensive Downtown Parking Report – “Parking Roadmap” and Provide Direction for Next Steps.
- [20.](#) Receive an Update on the Parklet Pilot Program and Provide Direction on:
  - a. Parking Space Usage for Specific Parklet Applications Along W. Main Street and Montebello Avenue, and E. Main Street;
  - b. Maximum Number of Spaces Allotted Per Business Parklet and the Related Maximum Number of Parking Spaces Removed from the Parking Inventory;
  - c. Future Parklet Applications; and
  - d. Any Additional Pilot Program Input.
- [21.](#) Acting as the Property Owner Representative for the Town’s Parcels Included in the Proposed Property Business Improvement District (PBID), Discuss the Revised Draft Service Plan for a PBID in Downtown Los Gatos, Provide Input on the Structure and Parameters of the Draft Plan, Including the Three Fee Structure Options, and Direct Staff on the Next Steps for Working with the PBID Steering Committee on Behalf of the Town.

**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: The Town of Los Gatos has adopted the provisions of Code of Civil Procedure §1094.6; litigation challenging a decision of the Town Council must be brought within 90 days after the decision is announced unless a shorter time is required by State or Federal law.*



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**DRAFT  
Minutes of the Town Council Meeting  
December 3, 2019**

The Town Council of the Town of Los Gatos conducted a Regular Meeting on Tuesday, December 3, 2019, at 7:00 p.m.

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

**ROLL CALL**

Present: Mayor Marcia Jensen, Vice Mayor Barbara Spector, Council Member Steve Leonardis, Council Member Rob Rennie, Council Member Marico Sayoc.

Absent: None

**PLEDGE OF ALLEGIANCE**

Saaj Shah led the Pledge of Allegiance. The audience was invited to participate.

**COUNCIL/TOWN MANAGER REPORTS**

**Council Matters**

- Council Member Rennie attended the Santa Clara County Emergency Operating Area Council, Valley Transportation Authority (VTA) Board, VTA Congestion Management Sub-Committee, and the VTA Capital Projects Sub-Committee meetings; and participated in the Silicon Valley Bicycle Coalition (SVBC) bicycle infrastructure ride in Los Gatos and the Van Meter Elementary School STEAM Lab with Council Member Sayoc.
- Council Member Sayoc stated that the Cities Association is monitoring a potential November 2020 Faster Bay Area transportation ballot measure.
- Vice Mayor Spector attended the West Valley Clean Water Program (WVCWP) and West Valley Solid Waste Board meetings, the LGBTQ Forum, and the Policy Committee meeting.

**Manager Matters**

- Announced the Annual Tree Lighting is Friday, December 6 at 6 p.m. rain or shine.
- Announced the Children's Parade is Saturday, December 7 at 11:00 a.m. rain or shine.

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

1. Approve Closed Session Meeting Minutes of November 19, 2019.
2. Approve Council Meeting Minutes of November 19, 2019.
3. Authorize the Town Manager to Enter into a Five-Year Agreement with ECS Imaging, Inc. for Software Maintenance and Support Not to Exceed \$350,000.

Consent Items – continued

4. Authorize the Town Manager to Execute an Agreement for Services with LWP Claims Solutions to Provide Workers' Compensation Third-Party Administration Services Effective January 1, 2020 Through December 31, 2022 for a Total Amount Not to Exceed \$171,357.
5. Adopt a Resolution for the California Public Employees' Retirement System Health Plan to Update the Region Name from Bay Area to Region 1. **RESOLUTION 2019- 058**
6. Approve an Amendment to the Classification Plan to Create a Flexibly Staffed Engineering Technician Job Series.
7. Adopt a Resolution Approving the Council Policy Committee Recommendations for the Modification of the Traffic Impact Policy. **RESOLUTION 2019-059**
8. Adopt a Resolution Declaring Weeds to be a Public Nuisance and Set Hearing Date of January 21, 2020 to Consider Objections for Proposed Removal. **RESOLUTION 2019-060**
9. Authorize the Town Manager to Negotiate and Execute a Five-Year Agreement for Services with Cartegraph, Inc. for Enterprise Asset Management System Services Effective January 1, 2020 Through December 31, 2024 in an Amount Not to Exceed \$34,165 Annually, and a Total Agreement Amount Not to Exceed \$181,263, With Three Five-Year Options Thereafter.
10. Receive Information on Transportation Grant Activity.
11. Receive the First Quarter Investment Report (July through September 2019) for Fiscal Year 2019/20.
12. Accept Fiscal Year (FY) 2018/19 Status Report on Receipt and Use of Development Impact Fees.
13. Approve Revisions to the Town Agenda Format and Rules Policy. **POLICY 2-01**

**MOTION:** Motion by Council Member Sayoc to approve the Consent Items. **Seconded** by Council Member Rennie.

**VOTE:** Motion passed unanimously.

**VERBAL COMMUNICATIONS**

John Shepardson

- Recognized and thanked Los Gatos citizen Maddie Sanflippo who served in the Navy during World War II.

Catherine Somers, Los Gatos Chamber of Commerce Executive Director

- Announced the Chamber has new co-presidents Dustin David and David McGregor-Sholes, upcoming events for the holiday season, and the Hometown Heroes event in February.

Andrea Romano

- Commented on the plant-based menu options available at her restaurant Cin Cin and encouraged the Council to consider a Green Monday proclamation.

**OTHER BUSINESS**

14. Approve an Amendment to the Employment Agreement Between the Town of Los Gatos and the Town Manager and Authorize Salary and Benefits Budget Adjustments in the Amount of \$15,267 from Estimates Available FY 2019/20 Operating Revenues.
15. Approve an Amendment to the Employment Agreement Between the Town of Los Gatos and the Town Attorney and Authorize Salary and Benefits Budget Adjustments in the Amount of \$7,402 from Estimates Available FY 2019/20 Operating Revenues.

Lisa Velasco, Human Resources Director, presented the staff report for Items #14 and #15.

Opened and closed Public Comment.

Council discussed the matter.

**MOTION: Motion by Council Member Sayoc** to approve the recommendations contained in the staff reports for items #14 and #15. **Seconded by Council Member Rennie.**

**VOTE: Motion passed unanimously.**

**PUBLIC HEARINGS**

16. First Reading and Introduction of an Ordinance of the Town of Los Gatos Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding the Land Use Appeal Process. Town Code Amendment Application A-19-008. Project Location: Town Wide. Applicant: Town of Los Gatos.

Sally Zarnowitz, Planning Manager, presented the staff report.

Opened Public Comment.

John Shepardson

- Suggested that another option would be to have a separate process that allows the elected officials to allow new information when there is good cause justification and it has a separate vote.

Closed Public Comment.

Council discussed the matter.

Public Hearing Item #16 – continued

**MOTION: Motion by Council Member Leonardis** to introduce the ordinance (Attachment 12) by title only, amending Chapter 29 (Zoning Regulations) regarding the land use appeal process with option two. **Seconded by Vice Mayor Spector.**

**VOTE: Motion passed 3/2. Mayor Jensen and Council Member Rennie voting no.**

The Town Clerk read the title of the ordinance.

### **OTHER BUSINESS**

17. Provide Direction on the Elements of the Music in the Park Request for Proposals.

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

Catherine Somers, Los Gatos Chamber of Commerce Executive Director

- Commented that the Town should decide if they want to have multiple events, or one or two signature summer events.

Closed Public Comment.

Council discussed the matter.

**MOTION: Motion by Mayor Jensen** that the following be included in the RFP: 1) waive park fees; 2) continue to provide in kind services as listed in the chart on page 4 in the staff report; 3) not impose costs of Town staff who may volunteer with a private organizer; and 4) the organizer would pay for one Police Officer and the Town would pay for a second Officer if required. **Seconded by Council Member Rennie.**

**VOTE: Motion passed unanimously.**

### **PUBLIC HEARINGS**

18. 2019 California Building, Fire, and Reach Codes

1. Introduce an ordinance repealing and replacing Chapter 6, Building Regulations, and Chapter 9, Fire Prevention and Protection, of the Town of Los Gatos Municipal Code with the new 2019 California Building and Fire Codes, as amended, including reach codes. (Town Code Amendment Application A-19-009. Project Location: **Town Wide.**)
2. Adopt a resolution making findings for modifying the 2019 California Building and Fire Codes. **2019-061**



Public Hearings Item #18 – continued

Robert Gray, Building Official, presented the staff report.

Opened Public Comment.

Robert Lipp

- Commented in opposition of the Town adopting Reach Codes at this time.

Dashiell Leeds, Sierra Club Loma Prieta Chapter

- Commented on the benefits of all electric homes and the issues with gas; requested that cooking and fireplaces be included in the list of all electric appliances; and asked to remove the exemption for residential gas cooking.

Rachel Londer

- Commented in support of adopting the Reach Codes.

Suzanne Emerson

- Commented in favor of adopting the Reach Codes.

John Shepardson

- Commented in favor of adopting the Reach Codes.

Brian Mekechuk

- Suggested requiring wiring for batteries, add receptacles outside for EV charging, allow gas outside for firepits and pools, and exclude gas inside the house.

Closed Public Comment.

Council discussed the matter.

**MOTION: Motion by Council Member Sayoc to adopt the recommendations in the staff report inclusive of Attachment 6, with the modifications to include a ban of all gas for residential, require wiring for batteries, and install receptacles outside. Seconded by Vice Mayor Spector.**

**VOTE: Motion passed unanimously.**

The Town Clerk read the title of the ordinance.

Recessed at 9:14 p.m.

Reconvene at 9:22 p.m.

**OTHER BUSINESS**

19. Approve the “El Gato” Design by Artist Matt Babcock for the Pilot Los Gatos Gateway Marker as Recommended by the Arts and Culture Commission.

Ryan Baker, Library Director, presented the staff report.

Opened Public Comment.

John Shepardson

- Commented in favor of a gateway marker and encouraged the Council to reach out to the schools to encourage more public art by the youth.

Ellis Wecker, Arts and Culture Commission Chair

- Thanked the Council and staff for their support during the process.

Lee Fagot

- Commented on the style of the mountain lion and suggested it be made more engaging, welcoming, and friendly.

Closed Public Comment.

Council discussed the matter.

**MOTION: Motion by Council Member Sayoc** to approve the Arts and Culture Commission’s recommendation for the El Gato design. **Seconded by Council Member Rennie.**

**VOTE: Motion passed 4/1. Mayor Jensen voting no.**

**ADJOURNMENT**

The meeting adjourned at 9:51 p.m.

Attest:

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Shelley Neis, Town Clerk



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 2

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt the proposed Green Monday Resolution

**RECOMMENDATION:**

Adopt the proposed Green Monday Resolution.

**BACKGROUND:**

Green Monday is a social enterprise group that aims to reduce climate change and global food insecurity while promoting the health benefits of a plant-based diet. It was founded by David Yeung in April 2012 in Hong Kong. Green Monday has programs in restaurants, corporations and municipalities, and advocates a once-a-week, plant-based meal philosophy. Examples of Green Monday materials may be found as Attachment 1 to this report.

The Green Monday program has two components:

1. Feature vegan, plant-based meals on Mondays (or another day of the week) and
2. Educate the community on the impacts of their food choices on climate change and the environment.

Vegans eat a plant-based diet and do not consume animal meat or animal products, including dairy and eggs. Protein is instead acquired through other sources, including soybeans (e.g., tofu, tempeh, and edamame), lentils, chickpeas, seitan, quinoa, oats, wild rice, peanuts, almonds, seeds, beans, green peas, broccoli, spinach, potatoes, asparagus, etc.

The Green Monday movement does not try to convert people to veganism. The goal is to promote a sustainable food system and educate the public about reducing carbon footprint and other benefits of giving up meat for one day per week.

**PREPARED BY:** Holly Zappala  
Management Analyst

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

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BACKGROUND (continued):

On August 20, 2019, the Town Council approved the draft General Plan 2040 Guiding Principles which include an objective to “identify and provide opportunities to enhance the Town’s sustainability policies and practices.” A Green Monday program is an opportunity to work towards the sustainability goal by helping to mitigate climate change and conserve resources.

DISCUSSION:

**Climate Change and Agriculture**

The United Nations Food and Agriculture Organization (UNFAO) estimates that the livestock sector contributes 14.5% of anthropogenic greenhouse gas emissions, which is more than cars, trucks, trains, and planes combined. Based on the UNFAO research, animal agriculture is one of the leading causes of climate change and puts considerable strain on the earth’s land, water and energy resources. Cows are ruminants, meaning that microbes in their stomachs ferment their food, which in turn generates methane, which is released into the air. Manure from livestock also emits methane in addition to nitrous oxide. By comparison, methane gas accelerates climate change faster than carbon dioxide because, although it breaks down more rapidly, it is much more efficient at sealing in heat.

According to the UNFAO, an estimated 18 million acres of rainforest are lost every year and animal agriculture is responsible for between 75 and 80 percent of this deforestation. Animal agriculture is the biggest driver of rainforest destruction, as areas are cut and cleared to provide room for grazing cattle and growing grain to feed animals in large scale farms. Rainforests are crucial to mitigating climate change by absorbing carbon dioxide and exchanging it for oxygen.

In addition, animal products have a larger water footprint than crop products as significantly more water is needed to grow food to sustain the livestock than would be needed for direct human consumption. Large scale animal farms also use more energy than crop farms for lighting, heating, cooling, automated machinery for feeding and watering, and ventilation.

Over one-third of global agriculture is not fed to people, but to livestock in order to satisfy the demand for meat in developed countries.

The overarching goals of Green Monday are to minimize carbon footprint, reduce greenhouse gas emissions, lessen deforestation, conserve water, reduce global food insecurity, and increase sustainability. An Oxford University study published in March 2016 in the Proceedings of National Academy of Sciences found that a switch to a plant-based diet can reduce an individual’s food-related greenhouse gas emissions by up to 70%, while improving health and providing substantial savings in health care costs and avoided costs of climate change impacts.

DISCUSSION (continued):

**Municipalities Adopting Green Monday**

On September 13, 2018, Berkeley became the first city in the United States to adopt a Green Monday resolution (see Attachment 2). Berkeley's resolution includes provisions that state all City-managed programs will provide plant-based meals on Mondays; City Council members will procure vegan food for their meetings; the City will work with Green Monday to schedule educational programs in libraries, community centers, and private homes; the City will incentivize restaurants to include vegan items on their menus by providing "Green Monday approved" certificates to be displayed; and libraries, schools and community centers are encouraged to display Green Monday posters and literature. According to Berkeley Councilmember Kate Harrison, the Green Monday adoption is more symbolic than impactful, as the once a week move to vegan menus applies to City functions only and Berkeley does not have a lot of events or provide food to a lot of people. For everyone else and all other occasions, observance is strictly voluntary.

On July 23, 2019, Emeryville became the second US city to adopt a Green Monday resolution (see Attachment 3). Emeryville's resolution includes two provisions: that all City-managed programs will provide either a fully plant-based offering or an attractive plant-based alternative offering one day a week and that the City Council will procure plant-based food for their meetings. This is impactful for the community, as Emeryville's Community Services Department provides food service to the public at their Child Development Center, Senior Center, and Recreation Center.

On October 22, 2019, the city of Mountain View adopted a Sustainability Action Plan for FY 2019/20 through 2021/22, which included a plant-based diet initiative. Mountain View dedicated \$30,000 over the three years to this initiative and plans to leverage resources and volunteer support provided by organizations such as Green Monday to support the effort (see page 18 of the staff report in Attachment 4).

Other municipalities across the country have adopted similar programs. Oakland, New York City, Los Angeles, Pittsburgh, and Cleveland have all adopted some form of a "Meatless Monday" initiative.

CONCLUSION:

The Town already has a goal in place to identify and provide opportunities to enhance sustainability policies and practices. The community has expressed an interest in taking actions to mitigate and reverse climate change. The Green Monday program provides a valuable opportunity to model for and educate the community on choices they can make that will positively impact the environment. Given the Town's existing sustainability goal and the fact that eating a plant-based vegan diet is a powerful action that an individual can take to combat

CONCLUSION (continued):

climate change, staff recommends that Council adopt the draft Resolution in Attachment 5 to this report. The Green Monday program is flexible and can be customized to fit the Town's needs.

With the adoption of the proposed resolution, the Town would participate in the two major components of Green Monday as follows:

Sustainable Meal Choices

- Town meetings and events, including Town Council meetings, that include a meal or food feature either a fully plant-based offering or an attractive plant-based alternative.
- Local restaurants are recognized for including vegan menu choices by displaying Green Monday certificates in their windows or badges for their websites from the Town (provided at no charge by Green Monday).

Community Education

- Educational tables can be set up at community events using free materials provided on the Green Monday website and monitored by volunteers from Green Monday.
- Educational programs can be held at the Library regarding environmentally responsible plant-based food choices. Green Monday can send volunteer speakers at no charge.
- Green Monday posters and literature can be displayed at the Library and Town administration offices.

COORDINATION:

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

FISCAL IMPACT:

Green Monday has volunteered to provide many of the services needed to run the program. The anticipated costs would include staff time for any Library programming and printing costs for posters and flyers.

ENVIRONMENTAL ASSESSMENT:

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

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SUBJECT: Adopt the Proposed Green Monday Resolution

DATE: December 17, 2019

Attachments:

1. Green Monday sample materials
2. Berkeley Green Monday Resolution
3. Emeryville Green Monday Resolution
4. Mountain View Sustainability Action Plan Staff Report
5. Draft Town of Los Gatos Green Monday Resolution



**This city observes Green Monday.** The program has two components – making plant-based menu choices at least one day per week and raising public awareness of the impacts of our food choices.

## **WHY GREEN MONDAY?**

### **CAFOs**

Today, in the US alone, nine billion land animals are bred and slaughtered each year, 99% of them in factory farms, called Concentrated Animal Feeding Operations (CAFOs). CAFOs contain at least 1,000 large animals such as beef cows, or tens of thousands of smaller animals such as chickens. Many are much larger—with tens of thousands of beef cows or hogs or hundreds of thousands of chickens.

Over the last two decades, the sector has been transformed by a handful of massive multinational corporations that control the inputs, production and processing of most farmed animals.

### **Climate**

Farmed animals are a major source of climate change. They emit more greenhouse gases than the entire transportation sector. Animals, especially cows, directly emit greenhouse gasses. Cows burp methane, which is 20 times worse for the climate than carbon dioxide, and their poop emits nitrous oxide, which is up to 300 times worse. We can dramatically reduce our carbon footprint by reducing or eliminating our consumption of meat and dairy products

### **Natural Resources**

Eating animals is extremely inefficient. For every 100 calories of corn or soy we feed a farmed animal, we get 3 calories of beef or 12 calories of chicken.

Livestock is the world's largest user of land resources. Although meat and dairy supply only 17% of calories and 33% of protein, 77% percent of the world's agricultural land is used for livestock. Half of all water use in the US goes to animal agriculture. It takes 1800 gallons of water to produce one pound of beef as compare to 300 gallons to produce a pound of tofu.



## **Workers**

The people most directly impacted by industrial agriculture are workers in factory farms and slaughterhouses. Slaughterhouse employees endure some of the most dangerous working conditions in the country. Amputations of fingers, hands, and arms are common, and the furious pace of the work causes repetitive stress injuries and musculo-skeletal disorders. Despite these conditions, most workers don't have health insurance or the protection of unions. Companies recruit people who are undocumented because they won't be able to speak out against these conditions.

In addition to being physically dangerous, slaughterhouse work is psychologically traumatic. Workers are forced to kill thousands of innocent animals day after day. Many develop post-traumatic stress disorder (PTSD). These employees don't have access to basic health care, let alone mental health care, so often they self-medicate with drugs or alcohol. Rates of addiction and domestic violence are significantly higher than in other industries.

## **Communities of Color**

Communities surrounding CAFOs, overwhelmingly Black and/or poor, have to contend year-round with the stench of animal feces and urine. Livestock produce 130x as much waste as humans in the US. The waste from factory farmed animals is collected in vast open-air pits known as lagoons. Runoff from the lagoons makes its way into rivers and streams, drastically raising nitrate levels, which are linked to autoimmune diseases and birth defects. The lagoons are periodically pumped out and the waste sprayed as fertilizer onto fields surrounding the factory farms, forcing local residents to stay inside and keep their windows shut. People living in the vicinity of these factories experience significantly higher rates of asthmas, high blood pressure, eye irritation, and depression than those in surrounding areas.

## **World Hunger**

Eating more efficiently is critical. World population has grown from 2.5 billion in 1950 to 7.5 billion in 2017 and is projected to be 9.1 billion people by 2050. Unless we change course, there simply won't be enough food for everyone.

## **Animals-Other-Than-Humans**

Animals in factory farms spend their entire lives in deplorable conditions and die in horrific ways. Breeding sows are crammed into crates so small they can't turn around, let alone nestle their babies. Dairy cows are inseminated year after year, their calves taken from them within days of their birth. The dairy cows cry inconsolably, typically for days, and the calves search in vain for their mothers. When they no longer produce enough milk to be valuable, they're slaughtered. And according to government estimates, over 10,000 broiler (meat) chickens are boiled alive every single day. So anytime we eat chicken, we have no way of knowing whether that chicken was one of the millions boiled alive every year.



## SELECTED BOOKS FOR ADULTS

### **Cowed: The Hidden Impact of 93 Million Cows on America's Health, Economy, Politics, Culture, and Environment (2015)**

By Denis Hayes and Gail Boyer Hayes

The authors, globally recognized environmentalists, analyze how our centuries-old relationship with bovines has evolved into one that endangers the planet.

### **Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming (2017)**

by Paul Hawkin and Tom Steyer

One hundred steps ordinary people can take to reduce their carbon footprints. Excellent antidote to the prevailing sense of doom. See Drawdown [website](#).

### **Eating Animals (2010)**

By Jonathan Safran Foer

Foer uses storytelling as his primary vehicle for examining the ethics of eating meat.

### **Eat for the Planet: Saving the World One Bite at a Time (2018)**

By Nil Zacharias and Gene Stone

Extraordinarily clear infographics illustrate the devastating impacts of livestock.

### **The End of Factory Farming (2018)**

By Jacy Reese

An overview of factory farming and a roadmap for ending it with a focus on institutional change. Accessible and comprehensive.

### **Food, Animals, and the Environment: An Ethical Approach (2018)**

By Christopher Schlottmann and Jeff Sebo

What do we owe animals, plants, ecosystems, and future generations? What are the ethics of supporting harmful industries, and what are the ethics of resistance?

### **Food Choice and Sustainability (2013)**

By Richard Oppenlander

Oppenlander makes the case that we have no choice but to adopt a plant-based diet to preserve the earth's rapidly dwindling resources.

### **The Reducetarian Solution (2017)**

Edited by Brian Kateman

A collection of short essays from influential thinkers on how cutting 10% or more of the meat from one's diet can transform the life of the reader, animals, and the planet.



## SELECTED BOOKS FOR CHILDREN

### **Gwen the Rescue Hen; Sprig the Rescue Pig (2018)**

By Leslie Crawford, Illustrated by Sonja Stangl

Ages 4-7

Charming books about animals who discover how wonderful life can be off the farm. Children learn that every animal is an individual, deserving of respect and compassion. Delightfully illustrated.

### **My First Vegan Cookbook (2019)**

By Stine Sidsner Garside, Illustrated by Michael Daniel Garside

Ages 2-10

Easy-to-follow vegan recipes parents can make with their younger children and older children can make themselves. Whimsical drawings accompany each recipe.

### **Not a Nugget (2015)**

By Stephanie Dreyer, illustrated by Jack Veda

Ages 2-5

Shows the similarities between animal and human families. Gently introduces veganism. Gorgeous pictures. Forward by Gene Bauer, founder of Farm Sanctuary.

### **That's Why We Don't Eat Animals (2009)**

Written and Illustrated by Ruby Roth

Ages 6-10

A classic. Contrasts animals happily living with their families in their natural habitats with those suffering in factory farms. Describes the devastating impacts of animal agriculture on the environment and biodiversity. Beautifully illustrated.

### **V Is for Vegan: The ABCs of Being Kind (2013)**

Written and Illustrated by Ruby Roth

Ages 3-7

Introduces young children to the basics of animal rights and veganism through charming rhymes and illustrations, beginning with "A is for animals – friends not food."

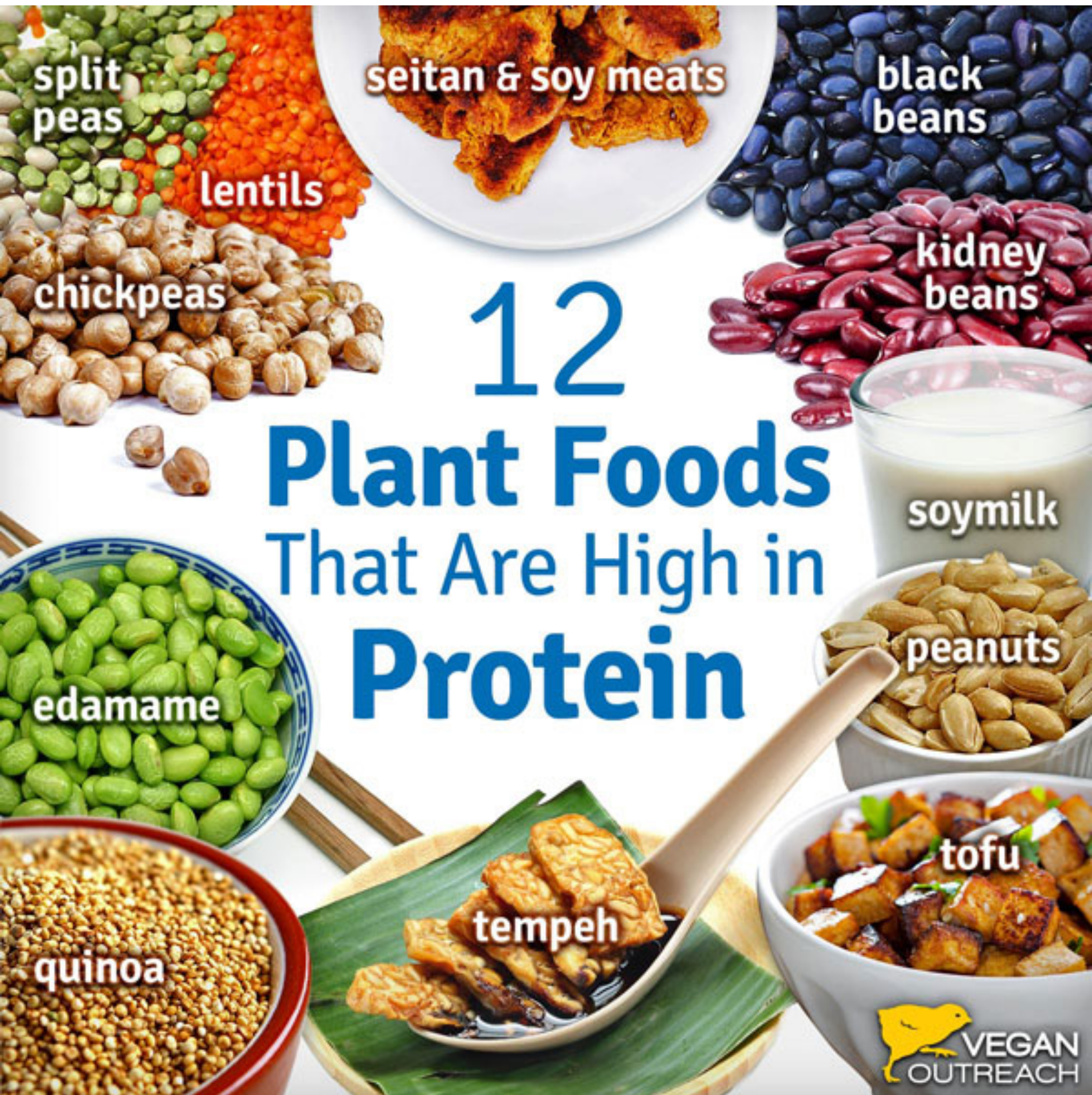
### **That's Not My Momma's Milk! (2017)**

By Julia Barcalow, Illustrated by Kayleigh Castle

Ages 1-3, a board book

A sweet book showing animal mothers feeding their babies. Loving and age-appropriate. Gently promotes compassion for animals. Delightful drawings.





split  
peas

lentils

chickpeas

seitan & soy meats

black  
beans

kidney  
beans

12

# Plant Foods That Are High in Protein

soymilk

edamame

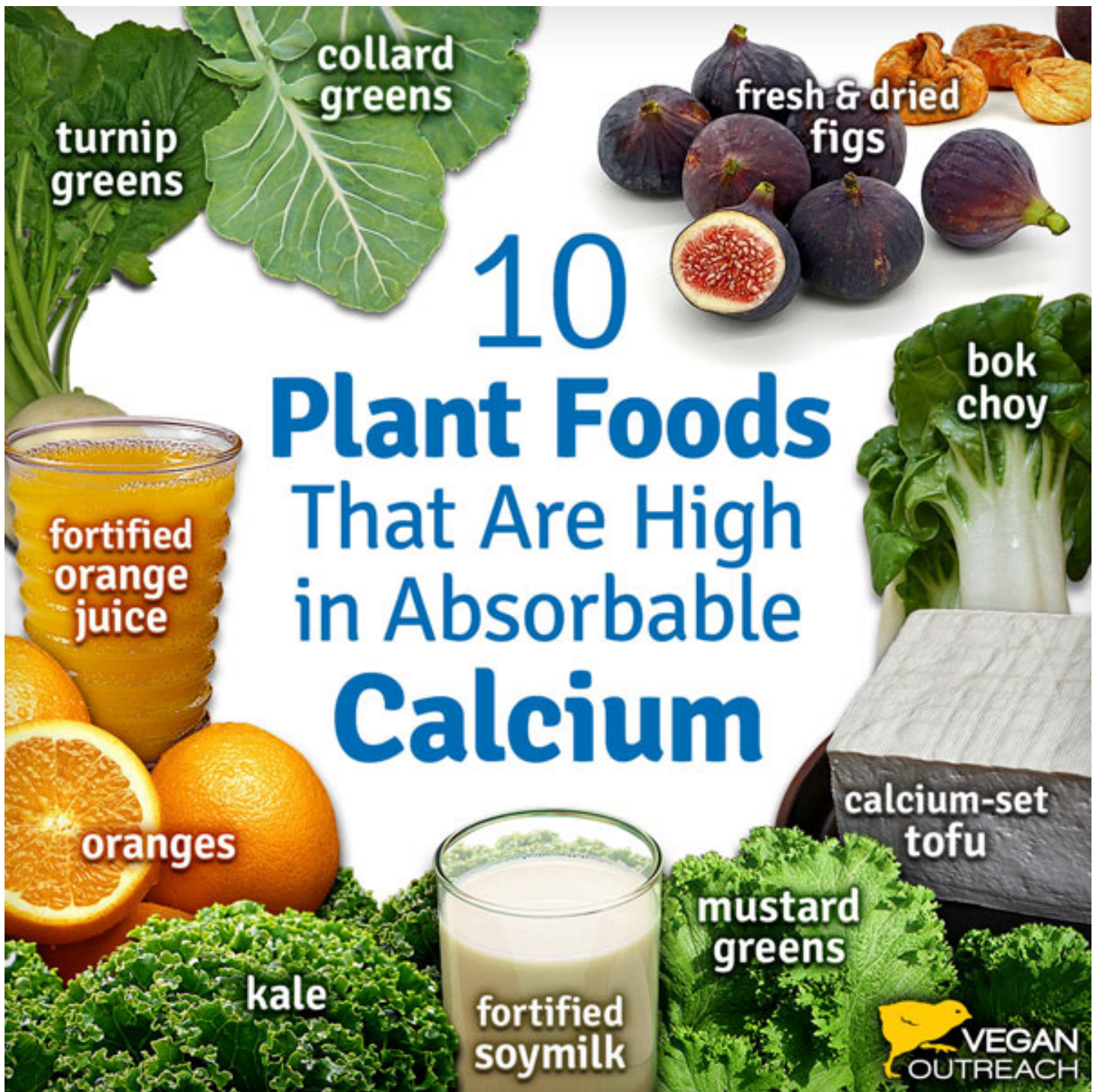
peanuts

quinoa

tempeh

tofu







spinach

Swiss chard

dried figs

11

# Plant Foods That Are High in Iron

raisins

tofu

oatmeal

molasses

almonds

chickpeas

kidney  
beans

lentils



RESOLUTION NO 68,599-N S

RESOLUTION ESTABLISHING GREEN MONDAY

WHEREAS, the City of Berkeley has declared that we face an existential Climate Emergency that threatens our city, region, state, nation, civilization, humanity and the natural world, and,

WHEREAS, the City of Berkeley has endorsed a just citywide emergency mobilization effort to reduce citywide greenhouse gas emissions as quickly as possible and immediately initiate an effort to safely draw down carbon from the atmosphere, and,

WHEREAS, scientific analyses have shown that one of the most effective ways for a person to reduce their greenhouse gas emissions is to reduce or eliminate their consumption of meat and dairy, and,

WHEREAS, the UN Food and Agriculture Organization (FAO) estimates that the livestock sector contributes 14.5% of anthropogenic GHG emissions, more than the entire transportation sector – cars, trains, planes and ships – combined, and,

WHEREAS, the City of Berkeley has committed to educating our citizens about the climate emergency and working tirelessly to catalyze a just emergency climate mobilization at the local, state, national, and global level to protect our citizens as well as all the people and species of the world, and,

WHEREAS, the City of Berkeley seeks to partner with local and regional agencies to participate in this regional emergency just mobilization effort and to intensify support of a comprehensive just transition to restore a safe climate

THEREFORE BE IT RESOLVED that the Council of the City of Berkeley establishes Green Monday, wherein all City-owned and City-managed facilities and programs will provide only plant-based foods on Mondays (or another day of the week), and,

BE IT FURTHER RESOLVED that the Council of the City of Berkeley will participate in the Green Monday program by procuring vegan food for their meetings, and,

BE IT FURTHER RESOLVED that the Council of the City of Berkeley refers to the City Manager to work with Green Monday US ([greenmondayus.org](http://greenmondayus.org)) to schedule Green Monday educational programs at libraries, community centers and private homes, and to incentivize restaurants to include vegan items on their menus by providing “Green Monday approved” certificates to be displayed, and,

BE IT FURTHER RESOLVED that City Council encourages libraries, schools and community centers in Berkeley to display Green Monday posters and literature

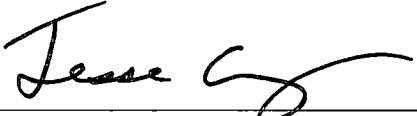


The foregoing Resolution was adopted by the Berkeley City Council on September 13, 2018 by the following vote

Ayes            Bartlett, Davila, Droste, Hahn, Harrison, Maio, Wengraf, Worthington and Arreguin

Noes            None

Absent         None

  
\_\_\_\_\_  
Jesse Arreguin, Mayor

Attest           
\_\_\_\_\_  
Mark Numainville, City Clerk

## RESOLUTION NO. 19-116

### Resolution Of The City Council Of The City Of Emeryville Establishing Green Mondays Regarding Plant-Based Menus To Reduce Greenhouse Gas Emissions

**WHEREAS**, climate change continues to be a serious and significant issue with potentially catastrophic global impacts; and

**WHEREAS**, the City's Climate Action Plan 2.0, adopted in 2016, sets goals for substantial reductions in greenhouse gas (GHG) emissions both community-wide and within municipal operations; and

**WHEREAS**, the City's Mitigation Action Plan for 2030, within the Climate Action Plan, includes an objective to "reduce consumption-related emissions by encouraging sustainable consumption and minimization of the carbon intensity of business supply chains"; and

**WHEREAS**, The United Nations Food and Agriculture Organization (FAO) estimates that the livestock sector contributes 14.5% of anthropogenic GHG emissions, more than the entire transportation sector; and

**WHEREAS**, a recent study by Oxford University found that individuals who cut meat and dairy products from their diet can reduce their carbon footprint by 73%, and other studies have found that if a family ate a plant-based diet just one day a week, it would be the equivalent of taking a car off the road for five weeks; and

**WHEREAS**, Green Monday US is a simple platform that equips organizations and individuals to introduce and institutionalize environmentally-friendly, plant-based food options one day per week; now, therefore, be it

**RESOLVED**, by the City Council of the City of Emeryville that the City of Emeryville establishes Green Monday, wherein all City-managed programs will provide either a fully plant-based food offering or an attractive plant-based alternative offering one day a week; and, be it further


**RESOLVED**, by the City Council of the City of Emeryville that the City Council will participate in the Green Monday program by procuring plant-based food for their meetings.

**ADOPTED**, by the City Council of the City of Emeryville at a regular meeting held Tuesday, July 23, 2019, by the following vote:

AYES:	<u>5</u>	Mayor Medina, Vice Mayor Patz, and Council Members Bauters, Donahue, and Martinez
NOES:	<u>0</u>	_____
ABSTAIN:	<u>0</u>	_____
ABSENT:	<u>0</u>	_____

  
\_\_\_\_\_  
MAYOR

ATTEST:  
  
\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:  
  
\_\_\_\_\_  
CITY ATTORNEY



**DATE:** October 22, 2019

**CATEGORY:** New Business

**DEPT.:** City Manager's Office

**TITLE:** **Sustainability Action Plan 4**

### **RECOMMENDATION**

1. Adopt the Sustainability Action Plan 4 (SAP-4) for Fiscal Years 2019-20 through 2021-22 (Attachment 1 to the Council report).
2. Approve a three-year spending plan for the \$7.5 million Sustainability Fund appropriated by Council in April 2019 (Attachment 2 to the Council report).

### **BACKGROUND**

The City Council adopted an original Environmental Sustainability Action Plan (ESAP) in March 2009 for Fiscal Years 2008-09 through 2010-11, to serve as a plan for achieving the City's short- and long-term sustainability goals. Subsequently, the Council adopted Environmental Sustainability Action Plan 2 (ESAP-2) in April 2012 for Fiscal Years 2011-12 through 2013-14. In 2015, the Council adopted a communitywide Climate Protection Road Map and Municipal Operations Climate Action Plan as road maps for achieving the City's greenhouse gas (GHG) reduction targets through 2050. In September 2016, the Council adopted Environmental Sustainability Action Plan 3 (ESAP-3) for Fiscal Years 2016-17 through 2018-19.

Between September 2017 and June 2018, the City convened the Environmental Sustainability Task Force 2 (ESTF-2), an advisory body of appointed community members who lived or worked in Mountain View. The core purpose of ESTF-2 was to evaluate whether current City sustainability plans and goals should be modified based on new technologies and processes for addressing climate change. ESTF-2 produced a Final Report that recommended 36 actions to reduce community GHG emissions through 2030, which was presented to Council in June 2018. Staff performed an analysis of these recommendations to verify assumptions on cost and GHG emissions reductions and presented these results to Council in December 2018.

In response to the ESTF-2 recommendations, the City hired a consulting firm (Cadmus) in fall 2018 to conduct a Sustainability Program Assessment (including staffing, governance, and a benchmark against other cities) and develop a Sustainability Strategic Plan. On April 30, 2019, staff presented the Sustainability Strategic Plan to the City Council during a Study Session, offering three levels of response to climate change (Foundational, Advanced, and Innovative), with corresponding actions to be taken and additional program budget and staffing needed at each level. The Strategic Plan called for the following estimated three-year funding levels: Foundational (\$3.8 million), Advanced (\$11.8 million<sup>1</sup>), and Innovative (\$13.6 million<sup>2</sup>). At the Study Session, the Council directed the following:

### **Overall Direction**

- Strive to achieve an Advanced or higher level of response.
- Identify and prioritize strategies to achieve the largest reduction in GHG emissions per funds spent.
- Return to the Council with specific initiatives to be undertaken as part of Sustainability Action Plan 4 (SAP-4).

### **Funding**

- Create a three-year fund for sustainability projects of \$7.5 million from the unallocated General Fund balance and a redirection of Fiscal Year 2018-19 and Fiscal Year 2019-20 Strategic Property Acquisition Reserve (SPAR) contributions.
- Identify other sources of ongoing funding, such as revenue from the new business license tax, short-term rentals, cannabis sales, the Development Services Fund, the Shoreline Community District, and Enterprise Funds.
- Explore the creation of new impact fees, as well as a revenue measure to increase the Transient Occupancy Tax (TOT), as other potential funding sources.

In accordance with the direction from the April 2019 Study Session, Council approved the creation of a Capital Improvement Program (CIP) (20-99) for Sustainability Projects

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<sup>1</sup> Includes a very modest \$2.5 million in various capital and program costs; additional, unquantified but substantial costs are anticipated.

<sup>2</sup> The Innovative level of funding was much more difficult to estimate, and there would be considerable additional unquantified transportation project/service costs.

(the “Sustainability Fund”) on June 11, 2019, with an allocation of \$7.5 million from the General Non-Operating Fund (\$6.5 million Fiscal Year 2018-19 carryover and \$1.0 million Fiscal Year 2019-20 GOF).

The Council Sustainability Committee (CSC) met on September 16, 2019 to provide feedback on a Draft SAP-4 for Fiscal Years 2019-20 through 2021-22. CSC comments are included toward the end of this report.

### Broader Sustainability Scope

As identified in the Sustainability Strategic Plan, leading cities have incorporated social equity as a formal component of their sustainability programs. While this term can have different meanings in different contexts, it generally prioritizes the need to sustain people, not just the planet, and it acknowledges that sustainability impacts and solutions may vary across different socioeconomic groups. With an intention to formally incorporate a social equity lens, and in support of its long history of focus on its diverse community members, the City changed the name of the “Environmental Sustainability” Program to the “Sustainability” Program in July 2019.

### ANALYSIS

Staff has prepared a Draft SAP-4 plan for Fiscal Years 2019-20 through 2021-22 to serve as the City’s continued road map for strategic investment in sustainability. Among its proposed 81 new actions and 79 already-approved actions, SAP-4 contains both smaller projects that provide GHG reductions in the near term, and larger, longer-term infrastructure projects that may not have immediate impact but will yield significant GHG reductions over time. A combination of both of these strategies is needed to achieve the GHG emissions reduction targets adopted by Council.

### SAP-4 Goals

While achieving the City’s short- and long-term GHG reduction targets remains the overall focus of the City’s sustainability program, the proposed SAP-4 actions encompass the broader spectrum of sustainability. As outlined in Attachment 3, SAP-4 actions are organized around high-level goals in each sector, to highlight the synergies between different actions across City departments and to recognize the broad array of interdependent policies and programs needed to achieve the City’s sustainability goals. Focusing on goals rather than stand-alone initiatives responds to a core theme in the ESTF-2 Final Report. These goals will enable the City to operate more systematically and increase the chance of reaching our emissions reduction targets over time.

The following list outlines the 27 goals around which the SAP-4 actions are organized. These goals were developed by staff and reviewed by the newly formed, cross-departmental Sustainability Governance Committee, and build on our existing efforts.

### *Transportation*

The vast majority of transportation-related GHG emissions in Mountain View are due to single-occupancy vehicle travel. Therefore, the City's GHG reduction strategy in this area focuses on: (1) reducing the total vehicle miles traveled by encouraging a shift to walking, biking, transit, carpooling, and other alternatives to driving alone; and (2) encouraging drivers to switch to electric vehicles.

**T1. Develop comprehensive, multi-modal transportation plans and strategies to decarbonize the sector.** Multi-modal transportation planning that assesses GHG impacts of new infrastructure, systems, and programs is a key foundation for programs and policies to reduce GHG emissions from the transportation sector. (1 new action; 4 existing actions)

**T2. Complete a low-stress network of active transportation infrastructure.** A Citywide network of safe, convenient, and accessible active transportation with regional connections is necessary to support walking and bicycling, which have the lowest GHG impacts of any transportation mode and promote physical health and well-being. (3 new actions; 14 existing actions)

**T3. Develop policies and programs that support active transportation in Mountain View.** In addition to infrastructure, City programs can support and incentivize active transportation to catalyze mode shift away from vehicles. (5 new actions; 2 existing actions)

**T4. Improve transit access and connections through regional collaboration.** Collaboration with transit providers on infrastructure and service is critical to make transit more convenient for residents and employees, improve connections and local service, increase capacity, and reduce emissions from buses and trains. (7 existing actions)

**T5. Improve road safety for all users.** Properly designed, safety-focused initiatives are a critical component of supporting active transportation since they ensure that people of all abilities feel comfortable using pedestrian and bicycle infrastructure in the City. (1 new action; 2 existing actions)

**T6. Expand Transportation Demand Management efforts in Mountain View.** Expanding TDM efforts to new areas of the City, and developing new programs to support existing businesses and residents will help reduce single-occupancy vehicle trips Citywide. (3 new actions; 4 existing actions)

**T7. Accelerate the electrification of vehicles.** While reduction of vehicle miles traveled is the primary focus of transportation-sector efforts, supporting the electrification of the on-road vehicle fleet through infrastructure and vehicle adoption is a key component of decarbonizing the transportation sector. (9 new actions; 2 existing actions)

**T8. Reduce GHG emissions from City-owned fleet vehicles and equipment.** Addressing this major contributor to the City's municipal operations GHG inventory will require improving fuel efficiency, electrifying fleet and equipment, and exploring other alternatives to fossil fuels. (4 new actions; 1 existing action)

**T9. Reduce GHG emissions associated with City employee commutes.** This sector is the second largest contributor to GHG emissions from City operations. (2 new actions; 1 existing action)

### *Buildings and Energy*

With the launch of Silicon Valley Clean Energy, which provides carbon-free electricity to its customers in Mountain View, the majority of communitywide emissions from the energy sector come from natural gas usage. Reducing natural gas use in both new and existing buildings is critical to achieving further GHG reductions in the Buildings and Energy sector. In addition, integrating decarbonization measures into the design and operation of City facilities helps the City be a more effective leader in identifying the opportunities and challenges to reducing building emissions and motivating the broader community to make these changes.

**B1. Reduce GHG emissions from energy use in new buildings.** Mountain View has planned for a significant amount of new development, and reducing the use of natural gas in new buildings reduces the need for future electrification retrofits to meet GHG reduction targets. (3 new actions)

**B2. Reduce GHG emissions from energy use in existing buildings.** Despite the significant amount of new construction expected in Mountain View, the current building stock will continue to be responsible for the vast majority of energy-related GHG emissions, and it is critical to address this emissions source. (5 new actions; 1 existing action)



**B3. Decarbonize the energy supply.** As new and existing buildings are electrified, it will be important to continue to develop a resilient, carbon-free energy supply for the community. (3 new actions; 1 existing action)

**B4. Decarbonize and improve the efficiency of City facilities.** While City buildings are responsible for a relatively small portion of emissions from municipal operations, implementing energy efficiency upgrades and engaging in efforts to eliminate the use of fossil fuels in City facilities offers cost savings benefits, enables the City to lead by example, and fosters a new mindset among employees that can enable staff to develop more effective community-focused programs. (8 new actions; 3 existing actions)

#### *Land Use*

**L1. Develop land use strategies and policies that support VMT reduction.** Planning for complete neighborhoods, addressing the jobs-housing imbalance, and creating and maintaining opportunities for residents of a broad socioeconomic range to live closer to where they work reduces GHG emissions from transportation and improves quality of life. (6 existing actions)

**L2. Incorporate broad sustainability measures into land use planning.** In addition to GHG reduction, land use planning should support broad sustainability efforts such as green building, access to open space, green infrastructure and stormwater management, water conservation, and protection of wildlife habitat. (3 existing actions)

#### *Zero Waste*

**Z1. Achieve the City's Zero Waste goals.** Reducing the amount of waste sent to landfill, especially organic material, reduces GHG emissions from the waste sector. (15 existing actions)

#### *Water*

**W1. Reduce potable water use through efficiency and conservation measures.** Ensuring that potable water is used as efficiently as possible helps create a community that is more resilient to drought and other climate change impacts. (1 new action; 1 existing action)

**W2. Increase the use of alternative water sources for nonpotable uses.** Maximizing the use of alternative water sources (e.g., stormwater, rainwater, and recycled water) improves drought resilience by developing alternative supplies and reducing potable water use. (3 existing actions)

*Parks and Ecosystems*

**P1. Manage open space to protect wildlife habitat, provide ecosystem services, and support sustainability goals.** Open space and parks provide a broad array of sustainability and health benefits to the environment and community. (2 existing actions)

**P2. Increase the City's tree canopy to provide environmental benefits, including carbon sequestration.** The City's tree canopy goals support the broad sustainability and social benefits provided by trees, which include GHG emissions reduction and carbon sequestration. (3 new actions)

**P3. Reduce emissions from landscaping equipment.** While landscaping equipment represents a very small portion of community GHG emissions, electrifying this equipment wherever possible also reduces air pollution and noise. (2 new actions)

*Core Sustainability Programs and Governance*

**S1. Integrate sustainability across City government.** Improvements to interdepartmental sustainability governance, metrics, and reporting across all City departments will elevate the importance of sustainability and create a more integrated approach to developing new sustainability programs and achieving the City's sustainability goals. (7 new actions, 1 existing action)

**S2. Improve GHG management and accounting.** Achieving the City's GHG reduction targets requires efforts to improve the climate action and GHG inventory reporting processes, and to evaluate the City's GHG targets. (12 new actions)

**S3. Provide accessible, engaging information about City sustainability initiatives and provide opportunities for community input.** Engaging residents from across Mountain View's neighborhoods and different demographic and socioeconomic groups is critical to development of equitable sustainability goals that can realistically be achieved through community action. (2 new actions; 1 existing action)

**S4. Facilitate programs, tools, and events to educate residents about actions they can take to reduce their impact.** Outreach to engage residents in making more sustainable choices is necessary to achieving the City's GHG reduction targets and addressing consumption-based emissions, some of which are not accounted for in the City's official GHG inventory but represent a significant contribution to climate change. (4 new actions; 3 existing actions)

**S5. Engage businesses to educate, share best practices, and pilot new sustainability initiatives.** Businesses are key partners in achieving the City's GHG reduction and sustainability goals since employee commutes and commercial energy use are responsible for the majority of communitywide GHG emissions in both the transportation and energy sectors. (2 new actions; 1 existing action)

**S6. Create and implement outreach programs to encourage City employees to adopt sustainable practices.** Engaging with City employees is important to reducing emissions associated with City facilities and commuting, and to encourage employees to make more sustainable choices outside of work. By modeling this behavior, City staff can influence community members in Mountain View and beyond. (1 new action; 1 existing action)

#### How the Actions for SAP-4 Were Developed

Staff developed SAP-4 based on the recommendations in the Environmental Sustainability Task Force 2 Final Report and Sustainability Strategic Plan, both of which used intensive stakeholder processes involving outreach to the Mountain View community and City staff. Staff discussed both sets of recommendations, along with direction from the City Council, and refined the list of proposed new actions through a series of interdepartmental meetings. These proposed new actions are outlined in Attachment 1 and include all items not previously approved by Council or otherwise incorporated into a department work plan. These actions are intended to be started within the three-year time frame of SAP-4 and, in some cases, completed as well.

In addition, where possible, staff collected relevant actions from existing department work plans that supported GHG reduction and sustainability goals. Attachment 3 has the full list of newly proposed and currently planned actions, and indicates the relevant Strategic Plan and ESTF-2 recommendations for each action, if applicable. (A full update on the status of existing and planned actions related to each component of the ESTF-2 recommendations, including both City initiatives and those led by other organizations, can be found in Attachment 4.) The intent of presenting the new and

existing actions is to highlight the full range of the City's sustainability efforts and show how the proposed new initiatives fit into a broader set of actions.

While SAP-4 is an attempt to capture relevant strategies, policies, programs, and projects from each City department, it is not an exhaustive list of all relevant sustainability actions under way. Rather, it is intended to broaden the scope of Sustainability Action Plans and increase interdepartmental collaboration in response to many of the recommendations in the Sustainability Strategic Plan. Staff expects the tracking of relevant sustainability efforts across all departments to improve as many of the strategies related to governance and interdepartmental collaboration and reporting are implemented over the next three years.

As part of its analysis of newly proposed actions, staff considered an estimate of each action's GHG reduction potential and resulting cost-effectiveness, the overall benefit realized, and the synergies among different actions, current staff resources and workloads, the implementation timeline, the level of effort required, whether additional staff is needed, the cost, and the availability of funding to implement the action (including the new Sustainability Fund).

Staff identified the following seven different overall benefits to be used as criteria for including actions in SAP-4 (also shown at the end of Attachment 1):

1. Action results in direct GHG emissions reduction.
2. Action enables measures that create long-term GHG reduction.
3. Action results in improved internal sustainability/GHG management.
4. Action improves outreach and community engagement efforts.
5. Action yields cost savings to the City.
6. Action reduces consumption-based emissions.
7. Action supports other sustainability goals.

The above benefits resulted in the inclusion of actions that directly or indirectly reduce emissions, produce cost savings for the City, and improve the effectiveness of the City's sustainability efforts through cross-departmental coordination and governance. Staff is confident the full set of actions being proposed represents best practices among cities, customized for Mountain View. Further, many of the actions have co-benefits beyond

emissions reductions, such as increased air quality, safer streets, improved public health, and cost savings.

Staff has provided a Spending Plan (Attachment 2) that provides a detailed breakdown of staffing and program costs during the three fiscal years of SAP-4. In some cases, proposed new actions have been grouped as a “package” to specify which actions are collectively dependent on the indicated additional staffing and to show the synergies that would be lost if the actions were implemented separately.

Many of the proposed items are contingent on additional staffing for implementation, as outlined in the later section titled “Proposed New Staffing to Support SAP-4.” In some cases, proposed positions fill critical staffing needs to support existing programs that are not feasible with current workloads. The Spending Plan specifies if programs/actions are already in the Adopted Budget or will be funded through other sources, and identifies whether costs are Limited-Period or ongoing (beyond the three-year time frame of the Sustainability Fund).

Greenhouse Gas Emissions

In November 2009, the City adopted short- and long-term GHG reduction targets, expressed as a percentage below the City’s baseline 2005 emissions levels, as shown in Table 1.

**Table 1: Mountain View Community-wide GHG Reduction Targets**

Year	GHG Reduction Target
2012	5 percent
2015	10 percent
2020	15 percent to 20 percent
2025	26 percent
2030	37 percent
2035	48 percent
2040	58 percent
2045	69 percent
2050	80 percent

The preliminary 2017 Community GHG inventory, presented to Council in March 2019, showed that GHG emissions in Mountain View have for the first time begun to decrease, though the preliminary total of 716,535 metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e) was still 2.9 percent above the 2005 baseline and nearly 100,000 MT CO<sub>2</sub>e above the level needed to stay on track to reach the City’s adopted reduction

targets. Staff has begun to calculate the final 2017 Community GHG inventory and believes the final total will be closer to 660,000 MT CO<sub>2e</sub>. This level of emissions is still about 7 percent above the interpolated 2017 target. (The 2017 target is interpolated because our official target years are 2015 and 2020.) Staff will present the final 2017 and preliminary 2018 inventories to Council in December.

The "Proposed New Actions" document (Attachment 1) outlines the annual GHG reductions and cost-effectiveness of each proposed action, where possible. These actions are separated into Community and Municipal and organized roughly by GHG emissions sector in the Community and Municipal inventories. Staff included an annual amount of GHGs reduced (in metric tons of carbon dioxide equivalent (MT CO<sub>2e</sub>)) where the scope of an action has been reasonably defined and its emissions reductions can be calculated. These estimations were calculated by staff based on examples of similar types of programs, making basic assumptions for scaling the proposed program to Mountain View. GHG reductions were not calculated for actions: (1) already approved by Council (included in Attachment 3), although many of these actions are expected to result in significant GHG reduction; (2) that have not yet been fully scoped; or (3) where it is impossible to accurately estimate the level of emissions reductions. Of the 81 new actions in SAP-4, 43 are expected to result directly in GHG reductions. (As mentioned above, some actions are necessary in order to enable future measures with significant GHG reduction benefits and achieve other important sustainability benefits.) We were able to estimate reductions for 40 percent of those 43 actions, and the total amount of annual GHG reductions would be 27,562 MT CO<sub>2e</sub>.

Per Council direction in April 2019 to identify and prioritize specific strategies to achieve the largest GHG reductions for the investment, staff has estimated the cost-effectiveness of GHG-reducing actions in terms of cost per MT CO<sub>2e</sub> reduced. The exact cost-effectiveness of each measure will depend on the final program details. The cost-effectiveness calculation in Attachment 1 represents the cost per total emissions reduction *expected through 2030*, to allow for more accurate comparison among actions, since some actions result in a one-time GHG reduction while others yield ongoing annual emissions reductions.

When designing the details of the proposed programs, there is often a tradeoff between cost-effectiveness and total GHG reductions. For example, increasing the amount of a City rebate may increase the participation in the program and, therefore, the total GHG reductions achieved, but it will lower the cost-effectiveness of the measure. While some initiatives may appear to be highly cost-effective due to their relatively low cost, their potential to reduce GHG emissions in a significant way is limited. As staff is designing the specific scope of the initiatives, we will seek to optimize the balance between cost effectiveness and total GHG reductions.

### Emissions Reduction Strategy Primary Areas of Focus

To date, the majority of the City's success in reducing GHG emissions has been by supporting the creation of Silicon Valley Clean Energy (SVCE), which provides carbon-free electricity to the vast majority of residential and business customers in Mountain View. The proposed actions in SAP-4 support continued energy sector "decarbonization" through reducing natural gas use.

Given that the largest portion of communitywide emissions is from transportation, it is important for the City to focus its efforts on encouraging active transportation, public transit use, and alternative-fuel vehicles. As such, the majority of actions in SAP-4 are transportation-related and, therefore, staff proposes using the majority of the total funding leveraged from the Sustainability Fund and other sources to support transportation-related programs and staff.

Staff has proposed some actions that are not expected to result in direct GHG reductions because these actions are critical to supporting or enabling future programs and strategies that will yield significant GHG emissions reductions. In a few cases, staff is proposing actions that may not yield large GHG reductions, or ones that reduce emissions not currently accounted for in our City inventories (such as consumption-based emissions), because these actions support broader sustainability goals. The "Benefits Realized" column in Attachment 1 indicates the criteria satisfied by each action.

### Key Actions

Many of the actions included in SAP-4 focus on the two largest contributors to the City's communitywide GHG emissions: transportation and natural gas use. Reducing vehicle miles traveled, electrifying vehicles, and reducing natural gas use in new and existing buildings are critical to achieving Mountain View's near- and long-term GHG reduction targets. The following list highlights nine of the key, new actions being proposed. The full list of 81 new actions is in Attachment 1.

#### *Transportation*

- Accelerate implementation of active transportation infrastructure projects for the next three years with the new, Limited-Period Active Transportation CIP team. (T2.17)

- Develop and implement a Citywide Bicycle Monitoring Program and Pilot Bicycle Facilities Project to enhance bicycle infrastructure, systems, and programs in the near term, including deployment of monitoring systems Citywide, pilot bike lanes on key corridors, and supporting infrastructure such as bike racks. (T2.16)
- Install additional EV chargers in downtown parking garages and evaluate opportunities to add EV chargers to other City facilities. (T7.3 and T7.5)
- Explore the feasibility of a downtown Transportation Demand Management pilot program to support small businesses and employees of the Downtown Parking District, which represents the part of the City best served by transit, in coordination with the TMA. This would allow the TMA to pilot new initiatives that may better serve smaller businesses and potentially help expand TDM programs and TMA membership beyond the large employers that are already members. (T6.5)

#### *Buildings and Energy*

- Develop a reach code to incentivize or require electrification measures in newly constructed buildings through a regional process that includes robust outreach to the community and staff training. (B1.1)
- Explore development of a second Energy Upgrade Mountain View-type of program, leveraging all available third-party and City-funded rebates to promote energy efficiency and fuel switching of appliances and vehicles. Develop a City-funded pilot program for fuel-switching rebates to address gaps in existing rebate/incentive programs. (B2.4 and B2.5)
- Develop a building energy benchmarking ordinance to address commercial energy use, possibly including mandatory audit or retro-commissioning measures. (B2.6)

#### Proposed New Staffing to Support SAP-4

There are a total of 10 new positions proposed to support key actions in the SAP-4. Six of the positions are three-year Limited-Period, and four are ongoing. These staff positions were detailed in the Sustainability Strategic Plan, which identified a total of 15.75 FTE in new staff capacity required to support actions at the “Advanced” level. The Fiscal Year 2019-20 budget funded 3.75 FTE of the identified positions, 7 FTE are proposed as part of SAP-4, and an additional 5 FTE are proposed as part of other budget processes (three in the CIP and two in the Zero Waste Plan). The positions included in SAP-4 are described below, along with the key programs they support.



- **TDM and Parking Demand Management Analyst (1 FTE ongoing, CDD)**—This position provides policy evaluation and analysis support for Transportation Demand Management and Parking Management programs. The role also supports TDM compliance analysis and enforcement since additional staff will be needed to support the planned expansion of TDM requirements Citywide.
- **Active Transportation CIP Team (3 FTE Limited-Period—three years, PWD)**—This team of three limited-period staff will focus on active transportation projects, enabling the City to accelerate design and implementation of key infrastructure projects toward achieving long-term GHG emissions reductions in the transportation sector. Staff recommends that this team be funded as part of the capital improvement projects on which they would be working. Staff also recommends that the City Council take action on funding this team and the associated projects (including Transportation Items T2.16 and T2.17) as part of the next (2020-21) Capital Improvement Program so that the projects can be scoped, planned for, and approved in the context of all projects competing for funding.
- **Transportation Planner (1 FTE ongoing, PWD)**—This position addresses a gap in current staff capacity to support already-approved programs, particularly those related to overseeing projects that require regional coordination with transit agencies. The role would create capacity to manage transit-related projects, including supporting Caltrain electrification, expansion/modification of the Community Shuttle, and oversee “new mobility” services.
- **Program Manager for Building and Vehicle Electrification (1 FTE Limited-Period—two years, CMO)**—This position creates the capacity to develop key building and vehicle electrification programs. The programs supported are limited-period but are expected to yield high annual ongoing GHG emissions reductions. These programs require staff support beyond the existing capacity of the Sustainability Division, along with specialized expertise in key areas.
- **Deputy Building Official (1 FTE ongoing, CDD)**—This position was identified in the Sustainability Strategic Plan as addressing a gap in current staffing capacity to achieve the foundational level of green building programs. Due to the volume of the current workload in the Building Inspection Division, staff has needed to prioritize the critical life safety issues that is the Division’s core responsibility, leaving little time to focus on green building and other relevant sustainability issues. The addition of a Deputy Building Official would provide the Division with the bandwidth to be forward-looking in addressing sustainability and climate goals in the building sector, including evaluating new building code

considerations such as reach codes, developing policies and programs to streamline the provision of services to support green building, and providing input into State-level conversations on green building standards. This expansion of staff capacity could also help the City accelerate the adoption of advanced technologies that reduce GHG emissions in new development such as EVs, solar hot water systems, heat pumps, energy storage, cool roofs, green roofs, and many more. Due to the specialized expertise required to develop and implement these programs, these duties cannot sufficiently be filled by staff in other departments.

- **Sustainability Facilities Project Manager and Sustainability Facilities Maintenance Worker I/II (2 FTE Limited-Period – two years, PWD)** – These two positions address a gap in current capacity to support basic energy efficiency projects, such as City facility lighting upgrades, due to prioritization of urgent maintenance needs. The roles would implement a backlog of key energy efficiency and electrification upgrades, as well as implementation of renewable energy projects, yielding annual savings for the City from reduced utility costs.
- **Chief Sustainability and Resilience Officer (1 FTE ongoing, CMO)** – This position would oversee the City’s sustainability program, providing oversight and strategic direction as well as critical upper-level management capacity to support new interdepartmental and regional collaboration. The CSRO would provide expertise on sustainability, resilience, and equity, and oversee the integration of sustainability into City policies and programs across the organization. Additionally, the CSRO would: (1) support the new Sustainability Governance Committee; (2) oversee developing interdepartmental sustainability metrics and reporting, future action plans, and a Citywide climate adaptation and resilience plan; and (3) lead collaboration on sustainability initiatives with peer cities and other sustainability networks. This position provides needed capacity to support existing and planned sustainability program management that cannot be accomplished with the current core staffing of one Coordinator and two Analysts. The Sustainability Strategic Plan estimated that 10 percent to 20 percent of an FTE is needed to support the Governance Committee and lead a proposed new manager-level working group. In addition, significant capacity impacts are expected to implement proposed new programs and outreach. Without this position, Sustainability Division staff would need to defer development and implementation of a significant number of other SAP-4 programs to support these new interdepartmental coordination responsibilities. It is anticipated that a CSRO would work in partnership with the Assistant City Manager/Chief Operating Officer, who serves as the department head for Sustainability, thus freeing up capacity for the full range of responsibilities for that position.

Council Environmental Sustainability Committee Comments

The Council Committee reviewed a Draft SAP-4 plan at its September 16, 2019 meeting. The staff memo recommended that the Committee recommend to the Mayor to change the committee name from “Council Environmental Sustainability Committee” to “Council Sustainability Committee” (or CSC). This proposed change reflected the City’s renaming of the “Environmental Sustainability” Program to the “Sustainability” Program in July 2019, consistent with the inclusion of social equity as discussed in the Sustainability Program Assessment and Strategic Plan presented to Council in April 2019. The Committee was supportive of recommending renaming the Committee, and subsequently the Mayor approved this change.

The CSC provided comments on the Draft SAP-4. Staff evaluated the Committee’s feedback and has provided responses as summarized in Table 2.

**Table 2: CSC Comments and Staff Responses to Draft SAP-4**

CSC Comment	Staff Response
<p>A. Build flexibility into the plan to adjust as things change, including Federal or State policy or programs. Include a plan to revisit SAP-4 to course-correct as necessary.</p>	<p>Staff agrees with the need for adaptability in SAP-4 and will develop a plan for ongoing reporting to the CSC and Council, including proposed changes based on annual GHG inventories and program evaluations. Staff also requests flexibility to make changes in the implementation timelines and budget allocation for proposed projects as needed within the total \$7.5 million Sustainability Fund.</p>
<p>B. Include an evaluation of carbon offsets, including the potential to offset the City’s entire inventory.</p>	<p>Evaluation of carbon offsets is proposed in SAP-4 Actions S2.1 and S2.7. Consistent with existing Council direction, staff plans to present an analysis of all ESTF-2 recommendations about the City’s GHG targets and inventories, including purchase of carbon offsets, to Council on December 3, 2019. Staff will include an evaluation of offsetting the City’s full inventory in this analysis.</p>

CSC Comment	Staff Response
<p>C. Investigate potential carbon sequestration projects, including tree canopy goals.</p>	<p>The SAP-4 Proposed New Actions document (Attachment 1) includes a section on Carbon Sequestration/Offsets with actions related to investigating potential local carbon sequestration projects (S2.10) and quantifying the carbon sequestration benefits of the City's tree canopy (P2.1 and P2.2).</p>
<p>D. Include pedestrians more in promoting active transportation, rather than focusing on bicycle infrastructure, and support this through both infrastructure and land use/planning.</p>	<p>More than half of the active transportation infrastructure projects listed under Goal T2 in Attachment 4 are pedestrian-focused or include pedestrian infrastructure, including signalization changes and crosswalk improvements. Programs such as Vision Zero (T5.1) and Safe Routes to School (T5.2) are focused on both pedestrian and cyclist safety. Staff will consider this feedback when identifying potential active transportation projects along with the proposed new active transportation CIP team.</p>
<p>E. Incorporate adaptation measures into sustainability planning, including addressing sea level rise.</p>	<p>Staff has proposed a new position, Chief Sustainability and Resilience Officer (CSRO), in SAP-4 in part to provide the staff capacity to incorporate adaptation and resilience measures into the sustainability program. This would include developing a city resilience and adaptation plan (S1.7) to address climate impacts such as sea level rise.</p>
<p>F. Consider moving up outreach programs related to SVCE's programs (such as the heat pump water heater rebate), and prioritize items that enable the City to leverage outside funds.</p>	<p>Staff has adjusted the proposed timeline for some outreach programs that could leverage SVCE incentives and other related programs, and will further align outreach efforts with outside incentives wherever possible.</p>

CSC Comment	Staff Response
<p>G. Evaluate an increase in the Transient Occupancy Tax as a potential source of funding for the \$889,200 in ongoing costs.</p>	<p>Staff recognizes the need to plan for ongoing funding sources to support ongoing expenses, beyond the three-year timeframe of the dedicated sustainability funding. Beginning in spring 2020, and as directed by Council, sustainability staff (in collaboration with other staff) will evaluate the Transient Occupancy Tax as well as other potential sources of revenue to support ongoing costs expected from this plan.</p>
<p>H. Examine the potential to conduct a consumption-based GHG inventory on a periodic basis.</p>	<p>Staff plans to include an evaluation of conducting consumption-based GHG accounting in the analysis of the City's GHG targets and inventories (S2.1), which will be presented to Council on December 3, 2019.</p>
<p>I. Consider additional funding to promote plant-based diets (Item S4.7) based on community feedback, including leveraging outside funding sources.</p>	<p>Staff originally proposed funding this item at \$10,000 (nearly four times the level of program costs identified by the ESTF-2 for the first three years), and reached out to community members and relevant organizations to determine the value of providing additional funding. Based on this further assessment, staff has proposed a total of \$30,000 for the three years. Staff plans to leverage resources and volunteer support provided by organizations such as Green Monday to support this effort. Other proposed programs in SAP-4, such as the Community Climate Solutions platform (S4.3), will also include outreach about the impacts of a plant-based diet, so the funding for item S4.7 does not reflect the full amount of resources allocated to this effort. Staff has also accelerated the implementation of this item, to begin in the first rather than second half of 2020.</p>

CSC Comment	Staff Response
<p>J. Investigate the potential of additional efforts to address plastics reduction and recycling, including increased outreach around this issue at City events and public recycling bins along Castro Street, since the State did not pass legislation to address this issue this year.</p>	<p>There are several proposed items in the Zero Waste Plan that address outreach to improve recycling and other waste reduction efforts, as well as legislative advocacy at the State level. Some are among the already-approved items included in SAP-4 (Goal Z1) to showcase the full breadth of supporting efforts across all departments. While these items may be included in future sustainability reporting, they have their own work plan at the department level and are considered separately by Council. The Committee’s comments have been shared with Solid Waste program staff.</p>
<p>K. Leverage outreach programs to support multiple sustainability goals wherever possible.</p>	<p>Two of the proposed outreach programs in SAP-4, Community Climate Solutions (S4.3) and Cool Block (S4.5), are specifically designed to support a broad range of sustainability goals through household-level engagement. Staff intends to leverage all planned residential and business outreach programs to support multiple sustainability goals wherever feasible.</p>
<p>L. Include some consideration of methane emissions from landfills.</p>	<p>These emissions are accounted for in both of the City’s inventories: solid waste emissions in the Community GHG inventory estimate the methane emissions from landfilled waste disposed by the Mountain View community, and the Local Government Operations inventory includes measured methane emissions from the Shoreline landfill that is managed by the City.</p>

CSC Comment	Staff Response
<p>M. Investigate the ability to get better transportation data to evaluate transportation impacts of resident displacement, and quantify impacts of new development.</p>	<p>Staff is working to identify potential new sources of transportation data for the City’s GHG inventories, including Google’s new Environmental Insights Explorer tool, which would provide measured rather than modeled transportation data. While this would provide better data on transportation trends across multiple transportation modes (rather than just vehicle miles traveled), it will not allow staff to attribute these changes to any specific cause. Instead, it will represent the combined impact of all programs, policies, and development in Mountain View as well as external factors and individual behavior change.</p>
<p>N. Look into quantifying any revenue or cost savings expected from SAP-4 measures.</p>	<p>Staff has identified municipal energy efficiency projects that will result in cost savings to the City, included in the Municipal Operations Actions list of SAP-4. The cost savings from these projects will be quantifiable when the scopes of various upgrades are defined. As proposed, savings from municipal energy efficiency projects would be reinvested in the energy efficiency revolving loan fund (B4.7) to fund future energy efficiency projects. At this time, staff does not anticipate revenue from any SAP-4 actions.</p>

CSC Comment	Staff Response
<p>O. Incorporate social equity elements into sustainability programs, e.g., ensure that any rebates or other programs are accessible to all community members.</p>	<p>Staff will consider how best to incorporate social equity into existing programs in consultation with the interdepartmental Sustainability Governance Committee and the Multilingual Community Outreach Program, and will include social equity in the development of proposed new SAP-4 programs. Since the City has already been focusing on equity issues outside of the sustainability program, it makes sense to track equity issues more explicitly and explore best practices to see if there are gaps that need to be addressed (S1.6). Toward these goals, staff proposes \$80,000 in funding during the three years for (1) staff training/development, (2) community engagement resources and events, (3) community partnerships development, and (4) equity consultants.</p>

**FISCAL IMPACT**

The proposed new actions are estimated to cost \$10.6 million over the Plan’s three-year time frame, using approximately \$7.2 million from the Sustainability Fund (established as a CIP by Council in June 2019) and \$3.4 million of capital improvement funding (Construction/Conveyance Tax, CIP reserve, or other), which will be proposed as part of the next CIP funding cycle. The plan includes \$889,200 in annual ongoing costs, beginning in Fiscal Year 2022-23 to support the four ongoing staff positions recommended in SAP-4.<sup>3</sup> Specific funding for these ongoing costs is not currently identified but, if approved by Council, the costs would be built into long-range forecasts, as would any funding sources that may be developed.

The Sustainability Fund Spending Plan (Attachment 2) outlines staffing and other program costs necessary to accomplish the recommended programs and other actions. (It should be noted that staff costs are based on 2019 salary data and will be adjusted in future years as necessary.) Staff has estimated the cost as closely as possible. However, staff expects to refine the costs as the programs/actions are further developed and, therefore, requests discretion to allocate funds based on final SAP-4 program/action

<sup>3</sup> Additional ongoing costs may be incurred beginning in Fiscal Year 2022-23 if any of the proposed Limited-Period staff positions are extended beyond their initial term.



expenses. Staff also seeks discretion to utilize the approximately \$300,000 in unallocated funds within the total \$7.5 million Sustainability Fund for additional expenses associated with any approved actions in SAP-4, such as extending a successful pilot program or funding additional rebates beyond the initial amount budgeted. Should staff identify additional need for funding, or identify the need for new programs or projects, we would return to the Council for direction.

The City received a \$125,000 grant from the County of Santa Clara, to be disbursed over three years, to support community sustainability and disaster preparedness education through the Cool Block neighborhood program (S4.5). The \$125,000 shown in the Spending Plan (Attachment 2) is Mountain View’s matching portion for three years.

Table 3, below, outlines the total costs expected in each of the three fiscal years of the Spending Plan, both from the Sustainability Fund and all sources, including CIP funds. They also provide the breakdown of staff versus program costs, as well as community-focused actions and staffing versus municipal operations-focused actions and staffing.

**Table 3: SAP-4 Total Costs by Fiscal Year and by Program Versus Staff**

	FY 19-20	FY 20-21	FY 21-22	TOTAL
Total from Sustainability Fund	\$1,795,900	\$3,521,800	\$1,862,500	<b>\$7,180,200</b>
Total Cost (including CIP Funds)	\$2,937,900	\$4,663,800	\$3,004,500	<b>\$10,606,200</b>
Total Program Costs:			\$5,300,000	
Total Staff Costs:			\$5,306,200	
<b>Total Costs:</b>			<b>\$10,606,200</b>	
Total Program and Staff Costs (Community):			\$9,617,000	
Total Program and Staff Costs (Municipal):			\$989,200	
<b>Total Costs:</b>			<b>\$10,606,200</b>	

**CONCLUSION**

Since its initial adoption in March 2009, the ESAP has served as a road map for achieving the City’s short- and long-term sustainability goals. Adoption and implementation of the proposed SAP-4 will allow the City to build on its past sustainability successes and be well positioned to proactively address additional sustainability challenges in the future.

Since the sustainability landscape is constantly evolving, staff will annually report to the CSC so that it may assess the progress of SAP-4 initiatives and, as appropriate,

recommend additions or other modifications to SAP-4 for Council consideration in the context of Citywide and department funding priorities and workload.

### ALTERNATIVES

1. Modify the proposed SAP-4 by adding, removing, or changing the timeline of the proposed actions.
2. Do not adopt SAP-4.
3. Provide other direction.

### PUBLIC NOTICING

Agenda posting and e-mails sent to community members interested in sustainability.

Prepared by:

Erin Brewster  
Sustainability Analyst II

Steve Attinger  
Sustainability Coordinator

Reviewed by:

Audrey Seymour Ramberg  
Assistant to the City Manager/  
Chief Operating Officer

Approved by:

Daniel H. Rich  
City Manager

EB-SA/2/CAM/620-10-22-19CR/190510

- Attachments:
1. SAP-4: Proposed New Actions
  2. SAP-4: Sustainability Fund Spending Plan
  3. SAP-4: Newly Proposed and Currently Planned Actions
  4. SAP-4: Status of Existing and Planned Actions

cc: CDD, PWD, ACDD, APWD – Cameron, APWD – Hosfeldt, ZA, DZA – Hagan, TM – Lo, SWPM, WRM, FFM, TP – Baird, TP – Kim, PP – Anderson



**DRAFT RESOLUTION \_\_\_\_**

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS  
TO ESTABLISH GREEN MONDAY AND EXPAND PLANT-BASED FOOD OFFERINGS**

**WHEREAS**, climate change is a serious and significant issue with potentially catastrophic global impacts; and

**WHEREAS**, the Town of Los Gatos adopted an objective in the General Plan 2040 Guiding Principles to identify and provide opportunities to enhance the Town’s sustainability policies and practices; and

**WHEREAS**, scientific analyses have shown that one of the most effective ways for a person to reduce their greenhouse gas emissions is to reduce or eliminate their consumption of meat and dairy; and

**WHEREAS**, the United Nations Food and Agriculture Organization estimates that the livestock sector contributes 14.5% of anthropogenic greenhouse gas emissions, more than the entire transportation sector (cars, planes, train and ships) combined; and

**WHEREAS**, Green Monday is a simple platform that equips organizations and individuals to introduce and institutionalize environmentally-friendly, plant-based food options at least one day per week.

**NOW, THEREFORE, BE IT RESOLVED:** that the Council of the Town of Los Gatos establishes Green Monday, wherein all Town-managed meetings and events occurring on Mondays (or another day of the week) will provide either a fully plant-based offering or an attractive plant-based alternative.

**BE IT FURTHER RESOLVED:** that the Council of the Town of Los Gatos encourages restaurants to include vegan items on their menus by providing “Green Monday approved” certificates to be displayed.

**BE IT FURTHER RESOLVED:** that the Council of the Town of Los Gatos encourages the Library and Town Hall to display Green Monday posters and literature and host a Green Monday program at the Library as appropriate.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 17th day of December 2019 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: 12/17/2019

ITEM NO: 3

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DATE: December 9, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Approve Revisions to the Town Council Code of Conduct Policy

**RECOMMENDATION:**

Approve revisions to the Town Council Code of Conduct Policy.

**REMARKS:**

Typically, the Town Council annually reaffirms its commitment to the Town Council Code of Conduct Policy. The Policy was last revised in 2015 and since then, the Town Council adopted a modification to the Town Code regarding the timing of the appointments of Mayor and Vice Mayor. In addition, the Policy should also reflect recent State law and the discretion of the Mayor regarding a State of the Town address. Attachment 1 contains a redline version with the proposed revisions for Council consideration.

**FISCAL IMPACT:**

There is no fiscal impact associated with this item.

**ENVIRONMENTAL ASSESSMENT:**

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

**Attachment:**

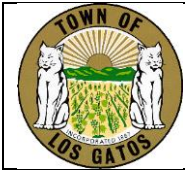
1. Town Council Code of Conduct Policy (redline)

**PREPARED BY:** Laurel Prevetti  
Town Manager

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

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**TITLE:** Town Council Code of Conduct

**POLICY NUMBER:** 2-04

**EFFECTIVE DATE:** 5/3/04

**PAGES:** 9

**ENABLING ACTIONS:** 2004-59; 2006-111

**REVISED DATES:** 12/17/12; 3/03/15, 12/17/19

**APPROVED:**

**I. Preamble**

The legal responsibilities of the Los Gatos Town Council are set forth by applicable state and federal laws. In addition, the Town Council has adopted regulations, including this Code of Conduct Policy, that hold Council Members to standards of conduct above and beyond what is required by law. This Policy is written with the assumption that Council Members, through training, are aware of their legal and ethical responsibilities as elected officials.

**II. Form of Government**

The Town of Los Gatos operates under a Council-Manager form of government as prescribed by Town Code, Section 2.30.305. Accordingly, members of the Council are elected at-large, provide legislative direction, set Town policy, and ultimately answer to the public. The Town Manager serves as the Town’s chief administrative officer and is responsible for directing the day-to-day operations of the Town and implementing policy direction.

**III. Town Council Roles and Responsibilities**

The role of the Town Council is to act as a legislative and quasi-judicial body. Through its legislative and policy authority, the Council is responsible for assessing and achieving the community’s desire for its present and future and for establishing policy direction to achieve its desired outcomes. All members of the Town Council, including those who serve as Mayor and Vice Mayor, have equal votes.

Members of the Town Council fulfill their role and responsibilities through the relationships they have with each other and the public. Town Council Members should approach their work, each other, and the public in a manner that reflects ethical behavior, honesty and integrity. The commitment of Town Council Members to their work is characterized by open constructive communication, innovation, and creative problem solving.

**IV. Mayoral and Vice Mayoral Selection Process**

Per Town Municipal Code, Section 2.20.035, the selection of the Mayor and Vice Mayor occurs annually at ~~the second~~ a special meeting in ~~November~~ December by majority vote of the Town Council. The Mayor and Vice Mayor serve at the pleasure of the Town Council, and may be replaced by a majority vote of the Council.

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**V. Mayoral and Vice Mayoral Roles, Responsibilities, Relationships**

The following outlines some of the key roles, responsibilities, and relationships as they relate to the positions of Mayor and Vice Mayor:

Mayor

- A. The Mayor is the presiding officer of the Town Council. In this capacity, the Mayor is responsible for developing Council agendas in cooperation with the Town Manager and leading Council meetings.
- B. The Mayor recommends various standing committee appointments to the Council for approval.<sup>1</sup> This will be done at a Council meeting in December of each year. When making committee recommendations, the Mayor should attempt to balance shared responsibilities and opportunities among Council Members. The Mayor may also appoint citizens to committees not established by Town ordinance or resolution as s/he deems appropriate.
- C. The title of Mayor carries with it the responsibility of communicating with the Town Council, Town Manager, and members of the public. In this capacity, the Mayor serves as the Town “spokesperson” representing the Council in official and ceremonial occasions.
- D. As the official Town spokesperson, the Mayor performs special duties consistent with the Mayoral office, including, but not limited to: signing of documents on behalf of the Town, issuing proclamations, serving as the official voting delegate for various municipal advocacy groups, and delivering the State of the Town Address at his or her discretion.<sup>2</sup> The Town Council will determine any additional authority or duties that the Mayor shall perform.
- E. Special duties consistent with the Mayoral office may be delegated to the Vice Mayor or any other member of the Town Council.
- F. In the event that one or more members of a Town Board, Commission, or Committee acts in a manner contrary to approved Board/Commission policies and procedures, the Mayor may counsel those members about the rules set forth in the Town Commissioner Handbook.<sup>3</sup>

<sup>1</sup> Council Agenda Format and Rules Policy

<sup>2</sup> Council Commendation and Proclamation Policy

<sup>3</sup> Resolution 1999-167



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Vice Mayor

- A. In the Mayor’s absence, the Vice Mayor shall perform the formal duties of the Mayor.<sup>4</sup>
- B. When the Vice Mayor performs the duties of the Mayor in his/her absence, the Vice Mayor also carries the responsibility of communicating with the Town Manager, Town Council, and members of the public.

**VI. Council Conduct in Public Meetings**

To ensure the highest standards of respect and integrity during public meetings, Council Members should:

- A. *Use formal titles.* The Council should refer to one another formally during Council meetings such as Mayor, Vice Mayor or Council Member or Mr., Mrs., or Ms., followed by the individual’s last name.
- B. *Practice civility and decorum in discussions and debate.* Difficult questions, tough challenges to a particular point of view, and criticism of ideas and information are legitimate elements of free democracy in action. During public discussions, Council Members should be respectful of others and diverse opinions, and allow for the debate of issues.
- C. *Honor the role of the presiding officer in maintaining order and equity.* Respect the Mayor/Chair's efforts to focus discussion on current agenda items.
- D. *Council decisions should be reserved until all applicable information has been presented*
- E. *Conduct during public hearings.* During public testimony, Council Members should refrain from engaging the speaker in dialogue. For purposes of clarification, Council Members may ask the speaker questions. Council comment and discussion should commence upon the conclusion of all public testimony

**VII. Legal Requirements**

The Town Council operates under a series of laws that regulate its operations as well as the conduct of its members. The Town Attorney serves as the Town’s legal officer and is available to advise the Council on these matters.

A. Training

Biannual training in the following areas shall be provided by staff to Council Members:

- 1. The Ralph M. Brown Act
- 2. Town / CA State Law on Conflict of Interest (AB 1234)
- 3. Government Section 1090
- 4. Incompatible Offices

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<sup>4</sup>Council Agenda Format and Rules Policy

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5. The Fair Political Practices Commission Forms
6. Bias
7. [Town / CA State Law on Harassment \(SB 1343\)](#)

**B. Procurement**

Unless authorized by the Town Council, Council Members shall not become involved in administrative processes for acquiring goods and services.

**C. Land Use Applications**

The merits of an application shall only be evaluated on information included in the public record. Council Members shall disclose ex parte communication and any information obtained outside of the public record that may influence his/her decision on a matter pending before the Town Council. Council disclosure shall occur after the Public Hearing section of the agenda, and before Council deliberations.

**D. Code of Conduct Policy**

Newly elected Council Members are strongly encouraged to sign a statement affirming they have read and understand the Town of Los Gatos Council Code of Conduct Policy.

**E. Non-Profit Organizations**

Council Members may not sit on boards of directors of non-profit organizations which receive funding or in-kind contributions from the Town, unless the role serves a legitimate Town purpose, such as the League of California Cities, and the participation is approved by the full Council.

**VIII. Council Participation in Boards, Commissions and Committees, and Reporting Requirements**

There are several committees that Town Council Members have been appointed to or have an interest in, including but not limited to: Town Council standing and ad hoc committees, Town boards and commissions, regional boards and commissions, and community-generated committees.

Primary Council representatives should update the Council about board, commission, and committee activities. When serving as the primary Council representative on any board, commission, or committee, Council Members should periodically provide updated reports to the Council during the “Council Matters” opportunity on the Council meeting agenda.

Recommended actions by Council Committees should be reported to the Council. When serving on a Council Committee, whether standing or ad hoc, all work undertaken by the Committee must be directed by the Council, and all recommended actions of a Council Committee shall be reported to the Council.

**IX. Council Relationship with Town Staff**

The Town Council has adopted a Council-Manager form of government. The Town Manager’s powers and duties are outlined in the Town Code, Section 2.30.295.

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Council Conduct and Communication with Town Staff

To enhance its working relationship with staff, Council should be mindful of the support and resources needed to accomplish Council goals. When communicating and working with staff, Council should follow these guidelines:

- A. *Council Members should treat staff as professionals.* Clear, honest communication that respects the abilities, experience, and dignity of each individual is expected. As with Council colleagues, practice civility and decorum in all interactions with Town staff.
- B. *Council Members should direct questions about policy, budget, or professional opinion to the Town Manager, Town Attorney or Department Directors.* Council Members can direct questions and inquiries to any staff for information that is readily available to the general public or easily retrievable by staff.
- C. *The Town Manager and staff are responsible for implementing Town policy and/or Council action.* The processing of Council policy and decisions takes place with the Town Manager and staff. Council should not direct policy/program administrative functions and implementation; rather it should provide policy guidance to the Town Manager.
- D. *Council Members should attempt to communicate questions, corrections, and/or clarifications about reports requiring official action to staff prior to Council meetings.* Early feedback will enable staff to address Council questions and incorporate minor corrections or changes to a Council report, resulting in a more efficient Council meeting discussion; however, this does not preclude Council Members from asking questions at Council Meetings.
- E. *Council Members should not direct the Town Manager to initiate any action, change a course of action, or prepare any report without the approval of Council.* The Town Manager's responsibility is to advise on resources available and required for a particular course of action as it relates to the direction of the majority of the Council.
- F. *Council Members should not attend department staff meetings unless requested by the Town Manager.*
- G. *All Council Members should have the same information with which to make decisions.* Information requested by one Council Member will be shared with all members of the Council.
- H. *Concerns related to the behavior or work of a Town employee should be directed to the Town Manager.* Council Members should not reprimand employees.
- I. *Per California Government Code, Sections 3201-3209, Council Members should not solicit financial contributions from Town staff or use promises or threats regarding future employment.* Although Town staff may, as private citizens with constitutional

<b>TITLE:</b> Town Council Code of Conduct	<b>PAGE:</b> 6 of 9	<b>POLICY NUMBER:</b> 2-04
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rights, support political candidates, such activities cannot take place during work hours, at the workplace, or in uniform.

**X. Council Communication with the Public and other Council Members**

The Public has a reasonable expectation that it may engage its Council Members on matters of community concern. In response, Council Members may express a preliminary opinion on issues or projects raised. Any such preliminary statement shall not constitute a prejudgment or create a presumption of bias on any issue or a project. In addition, Council Members may from time to time express opinions regarding broad policy matters which may be in conflict with currently adopted Council policies. Such statements are permissible if clearly characterized as personal opinion or policy change objectives.

**XI. Enforcement**

**A. Purpose**

The Council Code of Conduct Policy establishes guiding principles for appropriate conduct and behavior and sets forth the expectations of Council Members. The purpose of the policy language is to establish a process and procedure that:

1. Allows the public, Town Council, and Town employees to report Code of Conduct policy violations or other misconduct.
2. Provides guidelines to evaluate Code of Conduct policy violations or other misconduct and implement appropriate disciplinary action when necessary.

**B. Procedures**

1. Reporting of Complaints

The following section outlines the process for reporting Council Member Code of Conduct Policy violations or other misconduct:

- a. Complaints made by members of the public, the Town Manager, and Town Attorney should be reported to the Mayor. If a complaint involves the Mayor, it should be reported to the Vice Mayor.
- b. Complaints made by Council Members should be reported to the Town Manager or Town Attorney to adhere to Brown Act requirements.
- c. Complaints made by Town employees should be reported to the Town Manager, who will direct them to the Mayor or Vice Mayor.

2. Evaluation of Complaints Alleging Violations

Upon report of a written complaint, the Town Manager and Town Attorney will join the Mayor or Vice Mayor as an evaluation committee to determine the validity of the complaint and, if appropriate, an initial course of action as discussed below. If the Town

<b>TITLE:</b> Town Council Code of Conduct	<b>PAGE:</b> 7 of 9	<b>POLICY NUMBER:</b> 2-04
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Manager or Town Attorney is the complainant, the longest serving uninvolved Council Member will replace the Town Manager or Town Attorney on the evaluation committee.

Within seventy-two (72) hours of receipt of the complaint by the Mayor or Vice Mayor, the Council Member in question shall be notified of the reported complaint by the Mayor or his/her designee. The notification shall include a copy of the written complaint and supporting documentation, if any, the identity of the complainant and nature of the complaint.

3. Unsubstantiated or Minor Violations

If the majority of the Committee agrees that the reported violation is without substance, no further action will be taken. If the reported violation is deemed valid but minor in nature, the Mayor or Vice Mayor shall counsel and, if appropriate, admonish the Council Member privately to resolve the matter. Admonishment is considered to be a reproof or warning directed to a Council Member about a particular type of behavior that violates Town policy.

4. Allegations of Major Violations

If the reported violation is considered to be serious in nature, the matter shall be referred to outside legal counsel selected by the Committee for the purpose of conducting an initial interview with the subject Council Member. The outside counsel shall report his/her initial findings back to the Committee.

If the Committee then determines that an investigation is warranted, the Committee shall direct the outside legal counsel to conduct an investigation. The investigation process would include, but is not limited to, the ascertainment of facts relevant to the complaint through interviews and the examination of any documented materials.

5. Report of Findings

At the conclusion of the investigation, outside legal counsel shall report back to the Committee in writing. The report shall either (1) recommend that the Council Member be exonerated based on a finding that the investigation did not reveal evidence of a serious violation of the Code of Conduct, or (2) recommend disciplinary proceedings based on findings that one or more provisions of the Code of Conduct or other Town policies have been violated. In the latter event, the report shall specify the provisions violated along with the facts and evidence supporting each finding.

The Committee shall review the report and its recommendations. If the consensus of the Committee is to accept the report and recommendations, the Committee shall implement the recommendations. Where the recommendation is exoneration, no further action shall be taken. Where the recommendation is to initiate disciplinary proceedings, the matter shall be referred to the Council. Where there is no consensus of the Committee regarding the recommendations, the matter shall be referred to the Council.

The subject Council Member shall be notified in writing of the Committee's decision within 72 hours. Where the decision is to refer the matter to the Council, a copy of the

<b>TITLE:</b> Town Council Code of Conduct	<b>PAGE:</b> 8 of 9	<b>POLICY NUMBER:</b> 2-04
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full report, including documents relied on by the investigator shall be provided with the notification, and a copy of both shall be provided to the whole Council.

6. Proceedings

Investigative findings and recommended proceedings and disciplinary action that are brought forward to Council as a result of a significant policy violation shall be considered at a public hearing. The public hearing should be set far enough in advance to allow the Council Member in question reasonable sufficient time to prepare a response.

Investigative findings shall be presented to the Town Council at a public hearing. The rules of evidence do not apply to the public hearing. It shall not be conducted as an adversarial proceeding.

**C. Disciplinary Action**

1. Considerations in Determining Disciplinary Action

Disciplinary action may be imposed by Council upon Council Members who have violated the Council Code of Conduct Policy. Disciplinary action or sanctions are considered when a serious violation of Town policy has occurred by a Council Member. In determining the type of sanction imposed, the following factors may be considered:

- a. Nature of the violation
- b. Prior violations by the same individual
- c. Other factors which bear upon the seriousness of the violation

2. Types of Sanctions

At the discretion of the Council, sanctions may be imposed for violating the Code of Conduct or engaging in other misconduct. These actions may be applied individually or in combination. They include, but are not limited to:

- a. *Public Admonishment* – A reproof or warning directed to a Council Member about a particular type of behavior that violates Town policy.
- b. *Revocation of Special Privileges* – A revocation of a Council Member’s Council Committee assignments, including standing and ad hoc committees, regional boards and commissions, and community-generated board/committee appointments. Other revocations may include temporary suspension of official travel, conference participation, and ceremonial titles.
- c. *Censure* – A formal statement or resolution by the Council officially reprimanding a Council Member.

<b>TITLE:</b> Town Council Code of Conduct	<b>PAGE:</b> 9 of 9	<b>POLICY NUMBER:</b> 2-04
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APPROVED AS TO FORM:

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Robert Schultz, Town Attorney



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 4

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt Council Committee Appointments Effective January 1, 2020

**RECOMMENDATION:**

Adopt Council Committee Appointments effective January 1, 2020.

**DISCUSSION:**

*Mayor's Appointments:*

Mayor Jensen has nominated Council Members to Town Boards and Committees, and various regional Commissions, Boards and Committees as shown on the attached 2020 Council Committee Appointment Roster (Attachment 1).

*Role of Members and Alternates:*

The appointed Member is the primary attendee and voting participant for the Committee(s) to which they are appointed. If a Member cannot attend, the Alternate should attend on the Member's behalf as the Los Gatos representative and voting participant.

Alternates may attend a meeting as a member of the public in the audience when the Member is in attendance. In these circumstances, the Alternate may not vote or take other action that may affect the primary's effectiveness on the Committee.

**CONCLUSION:**

Staff recommends that the Town Council approve and adopt the Council Committee Appointments, effective January 1, 2020.

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

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

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PAGE 2 OF 2

SUBJECT: Adopt Council Committee Appointments Effective January 1, 2020

DATE: December 17, 2019

Attachment:

1. 2020 Council Committee Appointment Roster

**\*DRAFT\*2020 COUNCIL COMMITTEE APPOINTMENTS**

Council Adoption December 17, 2019 -- Effective January 1, 2020

**TOWN COMMITTEES**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Conceptual Development Advisory Committee*</b>	<i>The Town Conceptual Development Advisory Committee advises prospective applicants of whether projects are consistent with Town policy prior to initiating the development review process. The committee also identifies and lists problems with the proposal that need to be addressed in the review process.</i>	Two Appointees: Barbara Spector and Rob Rennie		Monthly 2nd Wed 4:30 p.m.	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Joel Paulson, Director of Community Development (408) 354-6879
<b>Council Policy Committee**</b>	<i>The purpose of the Town Council Policy Committee is to review and recommend Town Council policy.</i>	Two Appointees: Marcia Jensen and Barbara Spector		(2020 Recurrence and Time TBD)  (in 2019, was Monthly 4th Monday, 5:00 p.m.)	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Laurel Prevetti, Town Manager (408) 354-6832

Committee:

Posting of Agenda 72 hours prior to Meeting, \*\* Requires Posting of Agenda 24 hours prior to Meeting

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Finance Committee**</b>	<i>The Town Council Finance Committee is responsible for reviewing and making recommendations on the Town's Annual Financial statement, pension obligations, and related matters.</i>	Two Appointees: Rob Rennie and Marico Sayoc		(2020 Recurrence and Time TBD)  (In 2019, was every other month, Mondays, 6:00 p.m.	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Laurel Prevetti, Town Manager (408) 354-6832 Steve Conway, Director of Finance (408) 354-6828
<b>General Plan Committee</b>	<i>The Town General Plan Committee is responsible for developing land use policy for General Plan or any specific plan.</i>	Two Appointees: Marcia Jensen and Barbara Spector		Monthly, 2nd & 4th Wednesdays, 5:30 p.m.	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Joel Paulson, Director of Community Development (408) 354-6879
<b>General Plan Advisory Committee</b>	<i>Formed in the Fall of 2018</i>	(Same Appointees as GPC)  Marcia Jensen and Barbara Spector		As Needed (in 2019, was Thursdays)	Town of Los Gatos Council Chambers, 110 East Main St., Los Gatos, CA 95030	Joel Paulson, Director of Community Development (408) 354-6879

**Committee:**

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b><u>OUTSIDE AGENCIES' COMMITTEES</u></b>						
<b>Association of Bay Area Governments (ABAG) General Assembly</b>	<i>The Association of Bay Area Governments (ABAG) General Assembly is a regional agency that represents 9 Bay Area Counties and all cities within those Counties. Membership is voluntary and Town is a member. The ABAG General Assembly determines the fair share housing allocations to each city and county as required by the State.</i>	Marcia Jensen	Rob Rennie	Meets Twice Annually:  Spring/April TBD Fall/October TBD  Special Meetings as needed:  February 7, 11:00 a.m.	Spring and Fall Locations TBD	Fred Castro (510) 464-7913 fcastro@bayareametro.gov  Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>League of California Cities (Peninsula Division)</b>	<i>The League of California Cities is a State-wide organization that represents the member cities, holds conferences, provides training sessions, and lobbies the legislature. The League Peninsula Division is the regional division of the League of California Cities which discusses and addresses legislative issues from a regional perspective</i>	Marico Sayoc	Rob Rennie	Quarterly meeting: January __ March __ May __ August __  <i>Other:</i> April __ (Legislative Action Day & Reception)  June ____ (Mayors and Council Members Executive Forum) Location: Monterey  October ____ Annual Conference Location: Long Beach	TBD	Seth Miller - smiller@cacities.org (415) 595-8629  Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832

Committee:

Posting of Agenda 72 hours prior to Meeting, **\*\* Requires Posting of Agenda 24 hours prior to Meeting**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara County Housing and Community Development Advisory Committee</b>	<i>The committee is composed of city council representatives of the eight participating non-entitlement cities and one member of the Board of Supervisors who is the chairperson. The committee makes policy recommendations to the Board of Supervisors on the planning, monitoring and evaluation of the HCD Program and the development of a comprehensive, coordinated housing and community development plan.</i>	Rob Rennie	Barbara Spector	2020 Meeting Schedule TBD	2310 N. 1st Street (at Charcot) Charcot Training Center, Suite 100 San Jose	Tracy Cunningham tracy.cunningham@ce o.sccgov.org 408/299-5765  Housing and Community Development Offices of Santa Clara County – Office of Affordable Housing 70 West Hedding Street, 7th Floor San Jose, CA 95110 (408) 441-0261

Committee:

Posting of Agenda 72 hours prior to Meeting, **\*\* Requires Posting of Agenda 24 hours prior to Meeting**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara County Cities Association - Board of Directors</b> <i>(For scheduling purposes, the SCCCA Board member has typically also been the SCCCA Selection Committee (and) Legislative Action Committee appointee (see next two pages)</i>	<i>The Santa Clara County Cities Association Board of Directors presents a unified voice for association members with respect to regional, state, and federal agency activities that impact local government. The Board advocates for member cities by monitoring regional, state, and federal legislation</i>	Marico Sayoc	Rob Rennie	Monthly - 2nd Thursday 7:00-9:00 p.m.  January 9 February 13 March 12  April TBD (General Membership Meeting with City Managers)  May 14 June 11 July 9 August 13 September 10 October 8 November 12  December TBD (General Membership – Holiday Party)	Sunnyvale City Hall - West Conference Room 456 Olive Avenue - Sunnyvale, CA	Andi Jordan Executive Director  Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@ citiesassociation.org (408) 730-7770  Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832

**Committee:**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara County Cities Association - City Selection Committee</b>	<p><i>The City Selection Committee makes appointments to LAFCO, MTC and the Recycling and Waste Reduction Commission, and recommendations to the County Board of Supervisors for appointment to the Bay Area Quality Management District Board</i></p> <p><i>** Historically the same appointee as the Cities Assoc. Board, as the meetings occur back-to-back</i></p>	Marico Sayoc	Rob Rennie	<p><i>Meets as needed (2nd Thursday of each month <u>prior to</u> SCCCA Board Meeting – 6:00 or 6:15 p.m.)</i></p> <p><i>(See SCCCA Board of Directors meeting dates on page 6)</i></p>	Sunnyvale City Hall - West Conference Room 456 Olive Avenue - Sunnyvale, CA	<p>Andi Jordan Executive Director Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770</p> <p>Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832</p>

Committee:

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara County Cities Association - Legislative Action Committee</b>	<p><i>The Santa Clara County Cities Association Legislative Action Committee reviews the legislative priorities the Board of Directors sets for the year. The Committee tracks State/Federal legislation related to those priorities and makes recommendations to the Board.</i></p> <p><i>**Historically the same appointee as the Cities Assoc. Board, as the meetings occur back-to-back.</i></p>	Marico Sayoc	Rob Rennie	<p><i>Meets as needed (2nd Thursday of each month <u>prior to SCCCA Board Meeting</u> (See SCCCA Board of Directors meeting dates on page 6)</i></p>	Sunnyvale City Hall - West Conference Room 456 Olive Avenue - Sunnyvale, CA	<p>Andi Jordan Executive Director Santa Clara County Cities Association 505 W. Olive Avenue, Suite 749 Sunnyvale, CA 94086 Executive_Director@citiesassociation.org (408) 730-7770</p> <p>Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832</p>

The Committee:

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara Valley Water District Commission</b>	<i>The Santa Clara Valley Water District Commission serves in an advisory capacity regarding water-related matters. The Santa Clara Valley Water District is responsible for the storm drain systems on the valley floor.</i>	Barbara Spector	Rob Rennie	Quarterly January __ April __ July __ October __	Santa Clara Valley Water District Offices 5750 Almaden Expressway – Board Room San Jose, CA	Michelle Critchlow Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118 Mcritchlow@valleywater.org (408) 265-2607 x2883 (or) (408) 630-2883  Town Staff Contact: Matt Morley, Director of Parks & Public Works (408) 399-5770

The Committee:

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara Valley Transportation Authority (VTA) Policy Advisory Committee (PAC)</b>	<i>The VTA Policy Advisory Committee provides policy advice to the VTA Board. The VTA Board is comprised of elected officials from each City and the County.</i>	Barbara Spector	Marcia Jensen	Monthly 2nd Thursday 4:00 p.m.  January 9 (TBD) February 13 March 12 April 9 May 14 June 11 July 9 August 13 September 10 October 8 November 12 December 10	Santa Clara Valley Transportation Authority 3331 N. First, Building B - Room B-104 San Jose, CA 95134-1906	Michelle Garza Board Assistant Santa Clara Valley Transportation Authority (CMP) 3331 N. First Street San Jose, CA 95134 michelle.garza@vta.org (408) 546-7977  Town Staff Contact: Matt Morley, Director of Parks & Public Works (408) 399-5770

**Committee:**

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Santa Clara Valley Transportation Authority (VTA) State Route 85 Corridor Policy Advisory Board (SR85 PAB)</b>	<i>Formed in 2015, the VTA State Route 85 Corridor Policy Advisory Board (SR85 PAB) studies the long-term transit and transportation plans to serve the SR 85 Corridor and advises the VTA Board of Directors on the scope, funding and construction of both near- and long-term transit and transportation improvement projects for this corridor.</i>	Barbara Spector	Marcia Jensen	Proposed Schedule TBD  <i>(In 2019 - meeting dates were typically Mondays: February 25 May 20 September 23 December 16)</i>	TBD	Michelle Garza Board Assistant Santa Clara Valley Transportation Authority (CMP) 3331 N. First Street San Jose, CA 95134 michelle.garza@vta.org (408) 546-7977  Town Staff Contact: Matt Morley, Director of Parks & Public Works (408) 399-5770

~~Team~~ Committee:

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Silicon Valley Clean Energy (SVCE)</b>	<i>Formed March 2016, the Silicon Valley Clean Energy is a local, public non-profit that will purchase cleaner energy on the open market for residents and businesses in participating communities. Decisions are made through the Board of Directors, which is composed of a representative from each member community. Participating jurisdictions include Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and the unincorporated parts of Santa Clara County.</i>	Rob Rennie	Marico Sayoc	Monthly 2nd Wednesday 7:00 p.m. <i>(or as needed)</i>	Cupertino Community Hall 10350 Torre Avenue, Cupertino, CA 95014	Andrea Pizano, Board Clerk/Executive Assistant 333 W. El Camino Real, Ste. 290 Sunnyvale, CA 94087 Andrea.Pizano@svcleanenergy.org (408) 721-5301x1005 or (844) 474-7823  Town Staff Contact: Laurel Prevetti, Town Manager (408) 354-6832 and Matt Morley, Director of Parks & Public Works (408) 399-5770

**Committee:**

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**Posting of Agenda 72 hours prior to Meeting, \*\* Requires Posting of Agenda 24 hours prior to Meeting**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>Solid Waste Management Joint Powers Agency (JPA) Board of Directors</b>	<i>The Solid Waste Management Joint Powers Agency (JPA) Board of Directors reviews issues related to the solid waste management franchise, disposal, recycling, and yard waste agreement.</i>	Barbara Spector	Marico Sayoc	Quarterly 1st Thursday of the month 5:00 p.m.  February 6  May 7  September 3  November 5	Monte Sereno City Hall 18041 Saratoga- Los Gatos Road Monte Sereno	Marva M. Sheehan, CPA Vice President Hilton, Farnkopf & Hobson (HF&H) Consultants, LLC 201 North Civic Drive, Suite 230 Walnut Creek, CA 94596  Phone (925) 977-6961 Fax (925) 977-6955 Email: msheehan@hfh- consultants.com  Town Staff Contact: Matt Morley, Director of Parks & Public Works (408) 399-5770

**Committee:**

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<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>West Valley Clean Water Program Authority (WVCWPA)</b>	<p><i>The West Valley Clean Water Program Authority was formed in early 2018 to coordinate stormwater pollution abatement, control and management efforts to assist public and private entities in complying with stormwater National Pollutant Discharge Elimination System ("NPDES") permits and improving surface water quality and enhancing water supplies in California.</i></p> <p><i>Member Agencies: City of Campbell, Town of Los Gatos, City of Monte Sereno, City of Saratoga</i></p>	Barbara Spector	Marico Sayoc	<p>Quarterly meetings immediately preceding (4:00 p.m.) -or- following (6:00 p.m.) the Solid Waste Management JPA Board of Directors.</p> <p><i>2020 Meeting Schedule to be determined</i></p> <p>Feb. ____ May ____ Aug ____ Nov ____</p>	Monte Sereno City Hall 18041 Saratoga-Los Gatos Road Monte Sereno	<p>Scott Holt, Senior Associate, Hilton, Farnkopf &amp; Hobson (HF&amp;H) Consultants, LLC 201 North Civic Drive, Suite 230 Walnut Creek, CA 94596</p> <p>Phone (925) 977-6967 Fax (925) 977-6955 Email: sholt@hfh-consultants.com</p> <p>Town Staff Contact: Matt Morley, Director of Parks &amp; Public Works (408) 399-5770</p>

**Committee:**

Page 79 Posting of Agenda 72 hours prior to Meeting, **\*\* Requires Posting of Agenda 24 hours prior to Meeting**

<u>Name of Committee</u>	<u>Purpose</u>	<u>2020 Appointee</u>	<u>2020 Alternate</u>	<u>(Tentative 2020) Meeting Schedule</u>	<u>Location</u>	<u>Contact Person(s)</u>
<b>West Valley Sanitation District Board of Directors</b>	<p><i>The West Valley Sanitation District Board of Directors oversees the treatment of sewage for the cities of Campbell, Cupertino, Los Gatos, Monte Sereno, and Saratoga.</i></p> <p>.....</p> <p>.....</p> <p><i>Board of Directors receive \$150 stipend per meeting.</i></p>	Barbara Spector	Rob Rennie	<p>Monthly 2nd Wednesday (4th Wednesday if needed) 5:00 p.m.</p> <p>January 8 February 12 March 11 April 8 May 13 June 10 July 8 August 12 September 9 October 14 November 11 December 9</p>	<p>West Valley Sanitation District 100 E. Sunnyoaks Avenue Campbell, CA 95008</p>	<p>Lesha Luu West Valley Sanitation District 100 E. Sunnyoaks Avenue Campbell, CA 95008 lluu@westvalleysan.org (408) 378-2407</p> <p>Town Staff Contact: Matt Morley, Director of Parks &amp; Public Works (408) 399-5770</p>

Committee:

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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 5

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DATE: December 3, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding the Land Use Appeal Process  
Town Code Amendment Application A-19-008. Project Location: Town Wide.  
Applicant: Town of Los Gatos.

**RECOMMENDATION:**

Adopt an Ordinance amending Chapter 29 (Zoning Regulations) of the Town Code regarding the land use appeal process (Attachment 1).

**DISCUSSION:**

On December 3, 2019, the Town Council considered and voted to introduce an Ordinance amending Chapter 29 of the Town Code regarding the land use appeal process. Adoption of the attached Ordinance (Attachment 1) would finalize that decision.

**Attachment:**

1. Draft Ordinance

**PREPARED BY:** Sally Zarnowitz, AIA, LEED AP  
Planning Manager

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

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**DRAFT ORDINANCE**

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS  
AMENDING CHAPTER 29 (ZONING REGULATIONS) OF THE TOWN CODE  
REGARDING THE LAND USE APPEAL PROCESS**

**WHEREAS**, the Town Council would like to streamline the land use appeal process to reduce the back and forth between Planning Commission and Town Council;

**WHEREAS**, the Town encourages prospective applicants to utilize the Town’s Conceptual Development Advisory Committee to receive initial feedback on a possible development prior to application submittal;

**WHEREAS**, the Town Planning staff are available to answer questions as applicants are putting together their application materials;

**WHEREAS**, the Town expects all applicants to do their best work in the initial application and not wait until a potential appeal process to propose viable solutions that meet Town Codes, Policies, and Guidelines;

**WHEREAS**, the Planning Commission is expected to fully vet the land use application according to the adopted Town Code, Policies, and Guidelines;

**WHEREAS**, On May 7, 2019, the Town Council introduced an Ordinance, effecting amendments to the Town Codes regarding the land use appeal process, excluding changes to Section 29.20.300, and referred those changes back to the Council Policy Committee for further discussion;

**WHEREAS**, on June 25, 2019, July 23, 2019, August 27, 2019, and September 24, 2019, the Council Policy Committee considered changes to Section 29.20.275, Section 29.20.295, and Section 29.20.300, and forwarded a recommendation to the Town Council for approval of the proposed amendments;

**WHEREAS**, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on December 3, 2019; and

**WHEREAS**, on December 3, 2019, the Town Council reviewed and commented on the

proposed amendments regarding the land use appeal process and the Town Council voted to introduce the Ordinance.

**NOW, THEREFORE, THE PEOPLE OF THE TOWN OF LOS GATOS AND THE TOWN COUNCIL DO HEREBY ORDAIN AS FOLLOWS:**

**SECTION I**

Sec. 29.20.275, Sec. 29.20.295, and Sec. 29.20.300 of Town Code Chapter 29 are hereby amended to read as follows:

**Sec. 29.20.275. - Appeals from decisions by the Planning Commission.**

Any interested person as defined in section 29.10.020 may appeal to the Council any decision of the Planning Commission. The appellant must file a written notice of appeal in duplicate with the Clerk not more than ten (10) days after the decision is rendered. The notice of appeal shall state specifically wherein it is claimed there was an error or abuse of discretion by the Commission or wherein its decision is not supported by substantial evidence in the record. The Council shall only hear the appeal if the notice is filed and all required fees are paid within the ten-day appeal period. An appellant may submit a written request to withdraw their appeal any time before the scheduled hearing for the appeal.

...

**Sec. 29.20.295. - Council hearing and decision.**

In the appeal, and based on the record, the appellant bears the burden to prove that there was an error or abuse of discretion by the Planning Commission as required by Section 29.20.275. If neither is proved, the appeal shall be denied. If the appellant meets the burden, the Council shall grant the appeal and may modify, in whole or in part, the determination from which the appeal was taken or, in its discretion, return the matter to the Planning Commission. If the basis for granting the appeal is, in whole or in part, information not presented to or considered by the Planning Commission, the matter shall be returned to the Planning Commission for review.

## **SECTION II**

With respect to compliance with the California Environmental Quality Act (CEQA), the Town Council finds as follows:

A. These Town Code amendments are not subject to review under CEQA pursuant to sections and 15061(b)(3), in that it can be seen with certainty that there is no possibility that the amendments will have a significant impact on the environment; and

B. The Town Code amendments are consistent with the General Plan.

## **SECTION III**

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This Town Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

## **SECTION IV**

Except as expressly modified in this Ordinance, all other sections set forth in the Los Gatos Town Code shall remain unchanged and shall be in full force and effect.

## **SECTION V**

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on December 3, 2019, and adopted by the following vote as an ordinance of the Town of Los Gatos at a meeting of the Town Council of the Town of Los Gatos on December 17, 2019 and becomes effective 30 days after it is adopted.

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).

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: 12/17/2019

ITEM NO: 6

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DATE: December 6, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: 2019 California Building, Fire, and Reach Codes  
Adopt an ordinance repealing and replacing Chapter 6, Building Regulations, and Chapter 9, Fire Prevention and Protection, of the Town of Los Gatos Municipal Code with the new 2019 California Building and Fire Codes, as amended, including reach codes. (Town Code Amendment Application A-19-009. Project Location: Town Wide.)

**RECOMMENDATION:**

Adopt an Ordinance (Attachment 1), effecting amendments repealing and replacing Chapter 6, Building Regulations, and Chapter 9, Fire Prevention and Protection, of the Town of Los Gatos Municipal Code with the new 2019 California Building and Fire Codes, as amended, including reach codes.

**DISCUSSION:**

On December 3, 2019 the Town Council considered and voted to introduce an Ordinance amending Chapter 6, Building Regulations, and chapter 9, Fire Prevention and Protection including reach codes. Adoption of the attached Ordinance (Attachment 1) would finalize that decision.

**Attachment:**

1. Draft Ordinance Adopting new Building and Fire Codes

**PREPARED BY:** Robert Gray  
Building Official

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

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**DRAFT ORDINANCE**

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS  
REPEALING AND REPLACING CHAPTER 6, BUILDING REGULATIONS, AND  
CHAPTER 9, FIRE PREVENTION AND PROTECTION, AND  
ADOPTING NEW 2019 CALIFORNIA BUILDING AND FIRE CODES, AS AMENDED,  
INCLUDING REACH CODES**

**WHEREAS**, every three years, 14 State of California agencies review, amend, and propose model codes to be adopted by the Building Standards Commission; and

**WHEREAS**, the California Building Standards Commission completed the adoption and approval of 12 new building codes, and local jurisdictions are required to adopt these codes by January 1, 2020; and

**WHEREAS**, the Town of Los Gatos is proposing to adopt and amend Part 1, the California Administrative Code to address administrative provisions; and

**WHEREAS**, the Town of Los Gatos is proposing to adopt the California Building Standards Codes as Chapter 6 and the California Fire Code as Chapter 9 of the Town Code and to make amendments to address climatic, topographic, and geological conditions; and

**WHEREAS**, the Town of Los Gatos is proposing to adopt the 2018 International Property Maintenance Code and portions of the 2018 International Existing Building Code to provide procedures for the maintenance, repair, and demolition of existing buildings; and

**WHEREAS**, the Town of Los Gatos, in adopting these codes will be consistent with the State of California and other local municipalities.

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION I**

CHAPTER 6 is deleted in its entirety and replaced with the following:

**ARTICLE I. IN GENERAL (reserved)**

ATTACHMENT 1

## **ARTICLE II. ADMINISTRATION OF CODES**

### **Sec. 6.20.010. Conflicting Provisions.**

When any provisions of the administrative sections of the codes adopted in this Chapter 6 are in conflict with the administrative provisions found in the California Administrative or Building Codes, the California Administrative and Building Codes shall apply. If any code adopted in this Chapter does not include administrative provisions, the administrative provisions of the California Administrative and Building Codes shall apply.

## **ARTICLE III. BUILDING CODE**

### **Sec. 6.30.010. Adopted.**

The 2018 International Building Code (IBC) as amended by the State of California Building Standards Commission and known as the 2019 California Building Code (CBC), California Code of Regulations Title 24, Part 2, Volumes 1 and 2, with Appendix Chapters B, I, and J, with modifications provided in sections 6.30.020 through 6.30.180 of this article, is adopted by reference.

The 2019 California Administrative Code, California Code of Regulations, Title 24, Part 1, is also adopted by reference.

### **Sec. 6.30.020. Fire Protection Systems.**

Section 901.2 of the California Building Code adopted by this article is amended to read as follows:

*Fire Protection Systems.* Fire protection systems shall be installed, repaired, operated, and maintained in accordance with this code and the California Fire Code as amended by the Town of Los Gatos.

### **Sec. 6.30.030. Roof Drainage.**

1502 is amended to add Section 1502.5 as follows:

#### **Section 1502.5**

*Over Public Property.*

Roof drainage water from a building shall not be permitted to flow over public property.

Exception(s): 1) Group R3, and Group U Occupancies



2) Other occupancies where the drainage plan and method of drainage have been approved by the "Building Official."

**Sec. 6.30.040. Roof Covering Requirements in a Wildland-Urban Interface Fire Area and other areas.**

Section 1505.1.2 is amended as follows:

**1505.1.2 Roof coverings within state responsibility areas.** The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair or replacement of the roof of every existing structure, shall be fire-retardant roof covering that is at least Class A.

Section 1505.1.3 is amended as follows:

**1505.1.3 Roof coverings within all other areas.**

The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair or replacement of the roof of every existing structure, shall be fire-retardant roof covering that is at least Class A.

Section 1505.1.4 is amended as follows:

**1505.1.4. Roofing requirements in a Wildland-Urban Interface Fire Area.** The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair, or replacement of the roof of every existing structure, shall be a fire-retardant roof covering that is at least Class A.

Roofing requirements for structures located in a Wildland-Urban Interface Fire Area shall also comply with Section 705A.

701A.3 is amended as follows:

**701A.3 Application.** New buildings located in any Fire Hazard Severity Zone or any Wildland-Urban Interface Fire Area designated by the enforcing agency constructed after the application date shall comply with the provisions of this chapter.

Exceptions:

1. Buildings of an accessory character classified as a Group U occupancy and not exceeding 120 square feet in floor area.
2. Buildings of an accessory character classified as Group U occupancy of any size.

3. Buildings classified as a Group U Agricultural Building, as defined in Section 202 of this code (see also Appendix C – Group U Agricultural Buildings).
4. Additions to and remodels of buildings originally constructed prior to the applicable application date.
5. Group C, special buildings conforming to the limitations specified in Section 450.4.1.

For the purpose of this section and Section 710A, applicable building includes all buildings that have residential, commercial, educational, institutional, or similar occupancy type use.

707A.9 is amended as follows:

**707A.9 Underside of appendages.** The underside of overhanging appendages shall be enclosed to grade in accordance with the requirements of this chapter or the underside of the exposed under-floor shall consist of one of the following:

1. Noncombustible material
2. Ignition-resistant material
3. One layer of 5/8-inch Type X gypsum sheathing applied behind an exterior covering on the underside of the floor projection
4. The exterior portion of a 1-hour fire resistive exterior wall assembly applied to the underside of the floor including assemblies using the gypsum panel and sheathing products listed in the Gypsum Association Fire Resistance Design Manual
5. The underside of a floor assembly that meets the performance criteria in accordance with test procedures set forth in either of the following:
  - 5.1 SFM Standard 12-7A3; or
  - 5.2 ASTM E2957

Exception: Structural column and beams do not require protection when constructed with sawn lumber or glue laminated wood with the smallest minimum nominal dimension of 4 inches (102 mm). Sawn or glue-laminated planks splined, tongue-and-groove, or set close together and well spiked.

710A.3 is amended as follows:

**710A.3 Where required.** Applicable accessory buildings and attached miscellaneous structures or detached miscellaneous structures shall comply with this section and shall be constructed of noncombustible materials or of ignition-resistant materials as described in section 704A.2.

### **Sec. 6.30.060. Concrete Strength.**

Section 1705.3, Exception 1 is amended as follows:

Exception: Special inspections and tests shall not be required for:

1. Isolated spread concrete footings of buildings three stories or less above grade plane that are fully supported on earth or rock, where the structural design of the footing is based on a

specified compressive strength,  $f'c$ , no greater than 2,500 pounds per square inch (psi) (17.2 Mpa).

**Sec. 6.30.070. Modification to ACI 318.**

Section 1905.1.7 ACI 318, Section 14.1.4 is deleted and amended as follows:

**1905.1.7 ACI 318, Section 14.1.4.** Delete ACI 318, Section 14.1.4, and replace with the following:

14.1.4 - Plain concrete in structures assigned to Seismic Design Category C, D, E, or

F. 14.1.4.1- Structures assigned to Seismic Design Category C, D, E, or F shall not have elements of structural plain concrete, except as follows:

(a) Left intentionally blank.

(b) Isolated footings of plain concrete supporting pedestals or columns are permitted, provided the projection of the footing beyond the face of the supported member does not exceed the footing thickness.

(c) Plain concrete footings supporting walls are permitted, provided the footings have at least two continuous longitudinal reinforcing bars not smaller than No. 4, with a total area of not less than 0.002 times the gross cross-sectional area of the footing. A minimum of one bar shall be provided at the top and bottom of the footing. Continuity of reinforcement shall be provided at corners and intersections.

**Sec. 6.30.085. Swimming Pools, Spas, and Hot Tubs:**

3109 Swimming Pools Spas and Hot Tubs is adopted in its entirety.

**Sec. 6.30.090. IBC Oversight.** The California adoption of the new 2018 International Building Code may have inadvertently eliminated some construction requirements by oversight or erroneous reference to another code. In cases where the code adoption has inadvertently deleted or missed referenced necessary construction requirements, the Town of Los Gatos Building Official may authorize use of construction requirements from the last previously adopted International Codes.

Sec. 6.30.170 is amended as follows:

**Sec. 6.30.170. Schedule of permit fees.** Administration Chapter 1, Division II, Section 109.2 of the 2019 California Building Code adopted by this article states that "... a fee for each permit

shall be paid as required, in accordance with the schedule as established by the applicable governing authority (Town of Los Gatos).

**109.7. Plan Review Fees.**

Section 109.7 is added as follows:

When submittal documents are required by Section 109, a plan review fee shall be paid at the time of submitting the submittal documents for plan review. Said plan review fee shall be 65 percent of the building permit fee. The plan review fees specified in this section are separate fees from the permit fees and are in addition to the permit fees.

When submittal documents are incomplete or changed so as to require additional plan review or when the project involves deferred submittal items as defined in Section 107.3.4.1, an additional plan review fee shall be charged at the per hour plan review rate as adopted by the Town of Los Gatos.

**Sec. 6.30.180. Refunds. Administration Chapter 1, Section 109.6 of the 2019 California Building Code** adopted by this article is amended to add Section 109.6.1:

Section 109.6.1 is added as follows:

**109.6.1. Refunds.** The building official may authorize refunds of Building Division fees which were erroneously paid or collected.

The building official may authorize refunding of not more than 80 percent of the permit fee paid when no work or inspections has been done under an issued permit.

The building official may authorize refunding of not more than 80 percent of the collected plan review fee when the plan check application is withdrawn or cancelled prior to any plan review work being done.

The building official shall not authorize refunding of any collected fee until a written request for a refund by the original permittee or applicant is received. Requests must be received no later than 180 days after the date of fee payment.

**ARTICLE IV. PLUMBING CODE**

**Sec. 6.40.010. Adopted.**

The Uniform Plumbing Code, 2018 Edition, as amended by the State of California Building Standards Commission, California Code of Regulations, Title 24, Part 5, as the 2019 California Plumbing Code is adopted with Appendix Chapters A, B, D, G, I, K, and L only.

**Sec. 6.40.020. Backflow protection.**

Section 710.1 is amended as follows:

**710.1. Backflow Protection.** Drainage piping serving fixtures which have flood level rims less than twelve (12) inches (304.8 mm) above the elevation of the next upstream manhole and/or flushing inlet cover at the public or private sewer system serving such drainage piping shall be protected from backflow of sewage by installing an approved backwater valve. Fixtures above such elevation shall not discharge through the backwater valve, unless first approved by the Administrative Authority. Cleanouts for drains that pass through a backwater valve shall be clearly identified with a permanent label stating, “backwater valve downstream.”

**ARTICLE V. MECHANICAL CODE**

**Sec. 6.50.010. Adopted.**

The Uniform Mechanical Code (UMC), 2018 Edition, amended by the State of California Building Standards Commission, California Code of Regulations, Title 24, Part 4, as the 2016 California Mechanical Code is adopted by reference.

**ARTICLE VI. ELECTRICAL CODE**

**Sec. 6.60.010. Adopted.**

The National Electrical Code, 2017 Edition, as amended by the State of California Building Standards Commission, California Code of Regulations, Title 24, Part 3, as the 2016 California Electrical Code is adopted by reference.

**ARTICLE VII. ENERGY CODE**

**Sec. 6.70.010. Adopted.**

The 2019 California Energy Code, California Code of Regulations, Title 24, Part 6 is adopted by reference and amended as follows.

**Sec. 6.70.020 Single Family Residential, ADU (Accessory Dwelling Unit), and Low-Rise Residential All Electric Requirements.**

100.0(e)2D Low-rise residential buildings is amended as follows.

**100.0(e)2D Low-rise residential buildings.**

**i Sections applicable.** Sections 150.0 through 150.1 apply to newly constructed low-rise residential buildings except where they conflict with Section iii below.

**iii All electric construction.** All single-family residential and low-rise multifamily buildings as defined in Section 100.1 of this code and ADUs (Accessory Dwelling Unit) as defined in Town of Los Gatos Municipal Code Sec. 29.10.310 shall use electricity as the source of energy for its space heating, water heating (including pools and spas), cooking appliances, clothes drying appliances, and other features for both interior and exterior applications.

**iv Stationary Energy Storage pre-wire.** All single-family residential and low-rise multifamily buildings as defined in Section 100.1 of this code and ADUs (Accessory Dwelling Unit) as defined in Town of Los Gatos Municipal Code Sec. 29.10.310 shall be prewired for the installation of battery storage. The prewiring shall be in accordance with California Building, Residential, and Electrical Codes and be adequately sized by a licensed professional to accommodate the back-up loads installed in the critical load panel with a minimum of 5 kwh.

#### **ARTICLE VIII. REFERENCE STANDARDS CODE**

##### **Sec. 6.80.010. Adopted.**

The 2019 California Referenced Standards Code, California Code of Regulations, Title 24, Part 12, is adopted by reference.

#### **ARTICLE IX. HISTORICAL BUILDING CODE**

##### **Sec. 6.90.010. Adopted.**

The 2019 California Historical Building Code, California Code of Regulations, Title 24, Part 8 including Appendix A is adopted by reference.

#### **ARTICLE X. EXISTING BUILDING CODE**

##### **Sec. 6.100.010. Adopted.**

The 2018 International Existing Building Code (IEBC), specifically Appendix Chapter A1, as amended by the State of California Building Standards Commission and known as the 2019 California Existing Building Code, California Code of Regulations, Title 24, Part 10, is adopted by reference.

##### **Sec. 6.100.020. Additional Chapters Adopted.**

The following Chapters of the 2018 International Existing Building Code, as published by the International Code Council (ICC) are also adopted:

Chapter 9  
Chapter 14

Appendix A2  
Appendix A3  
Appendix A4  
Appendix A5

## **ARTICLE XI. INTERNATIONAL PROPERTY MAINTENANCE CODE**

### **Sec. 6.110.010. Adopted.**

The 2018 International Property Maintenance Code, as published by International Code Council (ICC), is adopted by reference.

### **Sec. 6.110.020. Application of other codes.**

Section 102.3 is amended as follows:

**Sec. 102.3 Application of other codes.** Repairs, additions or alterations to a structure, or changes of occupancy, shall be done in accordance with the procedures and provisions of the California Building Code, California Plumbing Code, California Electrical Code, and California Mechanical Code. Nothing in this code shall be construed to cancel, modify or set aside any provisions of the Town of Los Gatos Zoning Code.

## **ARTICLE XII. CALIFORNIA GREEN BUILDING STANDARDS CODE**

### **Sec. 6.120.010. Adopted.**

The 2019 California Green Building Standards Code, California Code of Regulations, Title 24, Part 11, Chapters 1 through 8 only, are adopted by reference and amended as follows.

### **Sec. 6.120.020 Electric Vehicle Charging Requirements.**

4.106.4 is amended as follows:

**4.106.4 Electric vehicle (EV) charging for new construction.** New construction shall comply with Section 4.106.4.1, 4.106.4.2, or 4.106.4.3, to facilitate future installation and use of EV chargers. Electric vehicle supply equipment (EVSE) shall be installed in accordance with California Electrical Code, Article 625.

#### **Exceptions:**

1. On a case-by-case basis, where the local enforcing agency has determined EV charging and infrastructure are not feasible based upon on or more of the following conditions:
  - 1.1. Where there is no commercial power supply.
  - 1.2. Where there is evidence substantiating that meeting the requirements will alter the local utility infrastructure design requirements on the utility side of the meter so as

to increase utility side cost to the homeowner or the developer by or than \$400 per dwelling unit.

2. Exception deleted.

4.106.4.1 is amended as follows:

**4.106.4.1 New one- and two-family dwellings, ADUs, and townhouses with private garages.**

For each dwelling unit two wired National Electrical Manufacturers Association (NEMA) outlets, each supplied by a separate 40-ampere minimum dedicated branch circuit, shall be installed specifically for supplying electrical power to an Electric Vehicle Charger. One outlet shall be installed inside the garage and the other outlet shall be installed outside the garage.

**ARTICLE XIII.**

**Sec. 6.130.010. Additions and alterations. Clarification.**

301.1.1 is amended as follows:

**301.1.1. Additions and alterations. [HCD]** The mandatory provisions of Chapter 4 shall be applied to additions or alterations of existing residential buildings where the addition or alteration increases the building's conditioned area, volume, or size. The requirements shall apply only to and/or within the specific area of the addition or alteration.

**Note:** On and after January 1, 2014, residential buildings undergoing permitted alterations, additions, or improvements shall replace noncompliant plumbing fixtures with water-conserving plumbing fixtures. Plumbing fixture replacement is required prior to issuance of a certificate of final completion, certificate of occupancy, or final permit approval by the local building department. See Civil Code Section 1101.1, et seq., for the definition of a noncompliant plumbing fixture, types of residential buildings affected, and other important enactment dates.

**Clarification:** Based on definitions found within the California Building Code and the California Green Building Standards Code, alteration and improvements are interpreted to mean any construction to an existing structure which enhance or improve the structure.

Construction related to repairs or maintenance of the structure is not considered to be an alteration or improvement. **Alteration**, as defined in the 2019 California Building Code, states in part; *“Normal maintenance, reroofing, painting or wallpapering, or changes to mechanical and electrical systems are not alterations unless they affect the usability of the building or facility.”* Therefore, permits can be issued for property maintenance and repair without the requirement to replace noncompliant plumbing fixtures. The following is a list of permits that are considered to be repair or maintenance:

- Electrical Service Change Out



- HVAC Change Out
- Re-Roof
- Sewer Line Replacement
- Siding or Stucco application
- Site Work: Retaining Walls, Fences, Walkways, etc.
- Water heater Replacement
- Window Replacement
- Other Repairs as determined by the Building Official

**ARTICLE XIV. BUILDING RELOCATION CODE OF THE TOWN**

**DIVISION 1. GENERALLY**

**Sec. 6.140.010. Title.**

This article is the Building Relocation Code of the Town of Los Gatos.

**Sec. 6.140.020. Interference with demolition or removal of building.**

It shall be unlawful for any person to interfere with or obstruct the Building Official, any person engaged by the Town, or any representative of any surety, engaged in inspection or in the work of completing, demolishing, or removing any building or structure for which a building relocation permit has been issued under Division 2 of this article, after a default has occurred in timely completion of the work or in the performance of the other terms or conditions of the permit.

**DIVISION 2. PERMIT**

**Sec. 6.140.030. Required, exceptions.**

It shall be unlawful for any person to move any building or structure on any parcel of land in the Town (except a contractor's tool house, construction building or similar structure which is moved as construction work requires) without first obtaining a permit and posting a bond as provided in this article.

**Sec. 6.140.040. Application.**

An application for a permit required by the provisions of this division shall be made in writing on the form provided by the Town. The application shall:

- (1) Be signed by the permittee or the permittee's authorized agent (who may be required to submit evidence proving authority);
- (2) Be accompanied by plans, photographs or other substantiating data as reasonably may be required by the Building Official; and

(3) Contain such information as reasonably may be required by the Building Official in order to carry out the purposes of this chapter.

**Sec. 6.140.050. Review of application, duty of applicant.**

The application for a permit required by the provisions of this division, including the plans and other data filed with it, shall be checked by the Building Official, who is authorized to conduct any investigation in connection therewith may be deemed reasonably necessary. If, when the Building Official has completed such investigation and has notified the applicant that a permit will issue, the applicant fails for a period of sixty (60) days to post the bond and any other instrument required by this division, the application shall become void.

**Sec. 6.140.060. Issuance, fees.**

(a) Subject to the requirements contained in this article, if in the judgment of the Building Official the conditions of the building or structure can be effectively and practically repaired or restored to comply with this Code, the Building Official shall issue a permit to the owner of the property where the building or structure is to be located.

(b) A permit fee shall be paid at the time of issuance of the permit. The amount of the fee shall be fixed by resolution of the Town Council.

**Sec. 6.140.070. When issuance prohibited.**

The Building Official shall not issue a permit under this division for any building or structure:

- (1) Which does not or cannot be repaired or modified to comply with this code, as it presently exists or hereafter may be amended;
- (2) Which is so constructed or in such condition as to be a substandard building;
- (3) Which is infested with pests or is unsanitary;
- (4) Which is so dilapidated, defective, unsightly, or in such a condition of deterioration or disrepair that its relocation at the proposed site would cause appreciable harm to or be materially detrimental to the existing improvements on nearby property;
- (5) If the proposed use is prohibited by the zoning ordinance;
- (6) If the structure is of a type prohibited at the site of the proposed relocation by this code, or any other statute or ordinance; or
- (7) If the structure or site has not received approval as prescribed in sections 29.20.140 through 29.20.155 of the Town Code. The body granting such approval shall first consider and determine that the proposed site and building are compatible in use, size and architecture with other buildings and structures in the area of the proposed relocation.

**Sec. 6.140.080. Conditions of issuance.**

In connection with the issuance of any permit under this division, the Building Official or the body granting architecture and site approval or both may attach to the permit such conditions

which are necessary to assure compliance with the purposes of this article and the zoning ordinance, and to assure that the building or structure when relocated will be compatible with and not detrimental or injurious to the buildings or structures in the area of the proposed relocation. Such conditions may include, but are not limited to:

- (1) A limitation of the period of time required to complete the work of relocation;
- (2) Requirements for changes, alterations, additions or repairs;
- (3) The providing of all utility services by the time the building relocation is finished;
- (4) Provision for any improvement work or dedication provided for by the zoning ordinance;
- (5) The applicant's written agreement to indemnify the Town for any and all damages or injury to Town property incurred in the course of the moving, including but not limited to damage or injury to streets, thoroughfares, pavements, curbs, gutters, sidewalks, sewers, public lighting equipment and plants.

**Sec. 6.140.090. Bond required.**

(a) As a condition precedent to the issuance of any building relocation permit, the applicant shall post a surety bond, the form of which is subject to approval by the Town Attorney, issued by a surety company conducting business in the State. The penal sum of the bond shall be an amount equal to the estimated cost, plus ten (10) percent, of all the work required to perform the relocation to comply with all of the conditions of the permit. The cost estimate is made by the Building Official.

(b) The applicant, in lieu of posting a surety bond, may deposit with the town an amount equal to the required bond amount, in cash.

**Sec. 6.140.100. Conditions of bond.**

A surety bond shall contain, and any deposit shall be subject to, the following conditions:

- (1) All work, including performance of conditions of the permit (except for performance of conditions such as street improvements when provision is made in a contract with the Town to do the work at a later time) shall be performed and completed within one hundred twenty (120) days after the date of issuance of the permit. After that time, the permit expires.
- (2) The time limit and expiration date of the permit may be extended for good cause after written request of both the principal and the surety. The request may be made either during or after the one-hundred-twenty-day period. If the Building Official decides to grant the request the Building Official shall notify the principal and surety in writing stating the new deadline. The Building Official need not grant the request if the work is not being done continuously and diligently, or if reasonable progress has not been made.
- (3) The term of each bond shall begin on the date the bond instrument is delivered to the town and shall end upon the acceptance by the Building Official of performance of all the terms and conditions of the permit as satisfactory and complete.
- (4) The Building Official, the surety and their representatives shall have access to the premises to inspect the progress of the work.

(5) Upon default by the principal, the surety shall be required to complete the work and to perform all conditions of the permit. The principal shall give the surety right-of-entry onto the site for those purposes.

(6) In the event of any default in the performance of any term or condition of the permit, or failure to complete the work before the permit expires, the surety or any person employed or engaged on its behalf, or the building official, or any person employed or engaged on behalf of the Town may go on the premises to complete the required work or to remove or demolish the building or structure, and clear, clean and restore the site.

**Sec. 6.140.110. Default on bond.**

(a) If the permittee as principal on the bond defaults in the performance of the conditions required by the permit, or fails to complete the work before the permit expires, the Building Official shall give notice in writing to the principal and the surety, stating the conditions which have not been complied with and the period of time deemed by the Building Official to be reasonably necessary for the completion of the work.

(b) After receipt of the notice, the surety, within the time therein specified, shall finish the work. When the principal has defaulted in any way, the surety, at its option, in lieu of completing the work required, may remove or demolish the building or structure and clear, clean and restore the site.

**Sec. 6.140.120. Bond other than surety bond--Default.**

If a deposit has been made as provided in Section 6.140.090, the Building Official shall give notice of default, as provided in section 6.140.110, to the permittee. If the permittee does not perform within the time specified in the notice, the Building Official shall proceed without delay and without further notice or proceeding whatever to use the deposit, or any portion of the deposit necessary to cause the required work to be done by contract or otherwise at the Building Official's discretion, upon the completion of the work. The balance, if any, of the deposit, shall be returned to the depositor or to the depositor's successors or assigns after deducting the cost of the work plus ten (10) percent of the cost, which is an amount to defray the Town's cost in enforcement and administration.

**Sec. 6.140.130. Same--Release.** When a deposit has been made as provided in Section 6.140.090 and all requirements of the permit have been completed, the Building Official shall return the deposit to the depositor or to the depositor's successors or assigns, except any portion thereof that may have been used or deducted as provided in this section.

**ARTICLE XV. CALIFORNIA RESIDENTIAL BUILDING CODE**

**Sec. 6.150.010. Adopted.**

The 2019 California Residential Code, California Code of Regulations, Title 24, Part 2.5 is adopted by reference including Appendices H, K, O, Q, S, V, and X and as locally modified by the following Sections of this Article.

**Sec. 6.150.020. Fire Protection Amendments.**

R310.1 is amended as follows:

**R310.1 Exception 2 is deleted in its entirety.**

R313.1 is amended as follows:

**R313.1 Townhouse automatic fire sprinkler systems.** An automatic residential fire sprinkler system shall be installed in all new townhouses and in existing townhouses when additions are made that increase the building area to more than 3,600 square feet.

**Exception:** One or more additions made to an existing building after January 1, 2011 that do not total more than 1000 square feet of building area.

R313.2 One- and two-family dwellings automatic fire sprinkler systems is amended as follows:

**R313.2 One- and two-family dwellings automatic fire sprinkler systems.** An automatic residential fire sprinkler system shall be installed in one- and two-family dwellings as follows:

1. In all new one- and two-family dwellings and in existing one- and two-family dwellings when additions are made that increase the building area to more than 3,600 square feet, whether by increasing the area of the primary residence or by creation of an attached ADU.
2. In all attached ADUs, additions or alterations to an existing one- and two-family dwelling that have an existing fire sprinkler system.

**Exceptions:**

1. One or more additions made to a building after January 1, 2011 that does not total more than 1,000 square feet of building area and meets all access and water supply requirements of Chapter 5 and Appendix B and C of the 2019 California Fire Code.
2. Detached Accessory Dwelling Units, provided that all of the following are met:
  - 2.1 The unit meets the definition of an Accessory Dwelling Unit as defined in the Government Code Section 65852.2.
  - 2.2 The existing primary residence does not have automatic fire sprinklers.

- 2.3 The accessory detached dwelling unit does not exceed 1,200 square feet in size.
- 2.4 The unit is on the same lot as the primary residence.
- 2.5 The unit meets all access and water supply requirements of Chapter 5 and Appendix B and C of the 2019 California Fire Code.

3. In all new basements and in existing basements that are expanded by more than 50 percent.

R337.1.3 is amended as follows:

**R337.1.3 Application.** New buildings located in any Fire Hazard Severity Zone or any Wildland-Urban Interface Fire Area designated by the enforcing agency constructed after the application date shall comply with the provisions of this chapter.

**Exceptions:**

1. Buildings of an accessory character classified as a Group U occupancy and not exceeding 120 square feet in floor area.
2. Buildings of an accessory character classified as Group U occupancy of any size.
3. Buildings classified as a Group U Agricultural Building, as defined in Section 202 of this code (see also Appendix C – Group U Agricultural Buildings).
4. Additions to and remodels of buildings originally constructed prior to the applicable application date.
5. Group C, special buildings conforming to the limitations specified in Section 450.4.1.

For the purpose of this section and Section R337.10, applicable building includes all buildings that have residential, commercial, educational, institutional, or similar occupancy type use.

R337.7.9 is amended as follows:

**R337.7.9 Underside of appendages.** The underside of overhanging appendages shall be enclosed to grade in accordance with the requirements of this chapter or the underside of the exposed under-floor shall consist of one of the following:

1. Noncombustible material
2. Ignition-resistant material
3. One layer of 5/8-inch Type X gypsum sheathing applied behind an exterior covering on the underside of the floor projection
4. The exterior portion of a 1-hour fire resistive exterior wall assembly applied to the underside of the floor including assemblies using the gypsum panel and sheathing products listed in the Gypsum Association Fire Resistance Design Manual
5. The underside of a floor assembly that meets the performance criteria in accordance with test procedures set forth in either of the following:
  - 5.1 SFM Standard 12-7A3; or

## 5.2 ASTM E2957

**Exception:** Structural column and beams do not require protection when constructed with sawn lumber or glue laminated wood with the smallest minimum nominal dimension of 4 inches (102 mm). Sawn or glue-laminated planks splined, tongue-and-groove, or set close together and well spiked.

R337.10.3 is amended as follows:

**R337.10.3 Where required.** Applicable accessory buildings and attached miscellaneous structures or detached miscellaneous structures shall comply with this section and shall be constructed of noncombustible materials or of ignition-resistant materials as described in section R337.4.2.

R902.1.2 is amended as follows:

**R902.1.2 Roof coverings within state responsibility areas.** The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair or replacement of the roof of every existing structure, shall be fire-retardant roof covering that is at least Class A.

R902.1.3 is amended as follows:

**R902.1.3 Roof coverings in all other areas.** The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair or replacement of the roof of every existing structure, shall be fire-retardant roof covering that is at least Class A.

R902.1.4 is amended as follows:

**R902.1.4 Roofing requirements in a wildland urban interface fire area.** The entire roof covering of every existing structure where more than 50 percent of the total roof area is replaced within any one-year period, the entire roof covering of every new structure, and any roof covering applied in the alteration, repair or replacement of the roof of every existing structure, shall be a fire-retardant roof covering that is at least Class A. Roofing requirements for structures located in a Wildland-Urban Interface Fire Area shall also comply with Section R337.5.

### **Sec. 6.150.040. Limits on methods using Gypsum Board and Cement Plaster.**

Table R602.10.3(3) is amended as follows:

TABLE R602.10.3(3)g

Footnote “g” is added to Table R602.10.3(3) as follows:

g. In Seismic Design Categories D0, D1, and D2, Method GB is not permitted, and the use of Method PCP is limited to one-story dwellings and accessory structures.

R602.10.4 Construction methods for braced wall panels is amended to add Section R602.10.4.5 Limits on methods GB and PCP.

R602.10.4.5 is added as follows:

**R602.10.4.5 Limits on methods GB and PCP.** In Seismic Design Categories D0, D1, and D2, Method GB is not permitted, but GB is permitted to be placed on the opposite side of the studs from other types of braced wall panel sheathing. In Seismic Design Categories D0, D1, and D2, the use of Method PCP is limited to one-story dwellings and accessory structures.

## SECTION II

**CHAPTER 9, Article III, IS DELETED IN ITS ENTIRETY AND REPLACED WITH THE FOLLOWING:**

### **Sec. 9.30.005. Adoption of 2019 CFC and 2018 IFC**

Adoption of the 2019 California Fire Code and 2018 International Fire Code.

There is hereby adopted by the Town for the purpose of prescribing regulations governing conditions hazardous to life and property from fire or explosion, that certain Code known as the 2019 California Fire Code and also the International Fire Code 2018 Edition, including Appendix Chapters B, C, and O and the whole thereof, save and except such portions as are hereinafter deleted, modified or amended by this ordinance, of which one copy has been filed for use and examination by the public in the office of the Town Building Official and the Town Fire Chief and the same adopted and incorporated as fully as if set out at length herein, and from the date on which this ordinance shall take effect, the provisions thereof shall be controlling within the limits of the Town of Los Gatos.

## **CHAPTER 1, DIVISION II Administration**

Chapter 1 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### **105 PERMITS**



105.6.8 is amended as follows:

**105.6.8 Compressed gases.** An operational permit is required for the storage, use or handling at normal temperature and pressure (NTP) of compressed gases in excess of the amounts listed in Table 105.6.8.

**Exception:**

1. Vehicles equipped for and using compressed gas as a fuel for propelling the vehicle.

Table 105.6.8 is amended as follows:

**PERMIT AMOUNTS FOR COMPRESSED GASES**

TYPE OF GAS	AMOUNT cubic feet at NTP
Carbon dioxide used in carbon dioxide enrichment systems	875 (100 lbs.)
Carbon dioxide used in insulated liquid carbon dioxide beverage dispensing applications.	875 (100 lbs.)
Corrosive	200
Flammable (except cryogenic and liquefied petroleum gases)	200
Highly toxic	Any amount
Inert and simple asphyxiant	6,000
Moderately toxic	Any amount
Other health hazard	200
Oxidizing (including oxygen)	504
Pyrophoric	Any amount
Toxic	Any amount

For SI: 1 cubic foot = 0.02832 m<sup>3</sup>

Table 105.6.20 is amended as follows:

**TABLE 105.6.20  
PERMIT AMOUNTS FOR HAZARDOUS MATERIALS**

TYPE OF MATERIAL	AMOUNT
Combustible liquids	See Section 105.6.16
Corrosive materials:	
Gases	See Section 105.6.8
Liquids	55 gallons
Solids	500 pounds

Explosive materials	See Section 105.6.14
Flammable materials: Gases Liquids Solids	See Section 105.6.8 See Section 105.6.16 100 pounds
Highly toxic materials: Gases Liquids Solids	See Section 105.6.8 Any Amount Any Amount
Moderately toxic materials: Gases	See Section 105.6.8
Other health hazard materials: Gases Liquids Solids	See Section 105.6.8 55 gallons 500 pounds
Oxidizing materials: Gases Liquids: Class 4 Class 3 Class 2 Class 1 Solids: Class 4 Class 3 Class 2 Class 1	See Section 105.6.8 Any Amount 1 gallon <sup>a</sup> 10 gallons 55 gallons Any Amount 10 pounds <sup>b</sup> 100 pounds 500 pounds
Organic peroxides: Liquids Class I Class II Class III Class IV Class V Solids Class I Class II Class III Class IV Class V	Any Amount Any Amount 1 gallon 2 gallons No Permit Required Any Amount Any Amount 10 pounds 20 pounds No Permit Required
Pyrophoric materials: Gases Liquids	Any amount Any amount

Solids	Any amount
Toxic materials: Gases Liquids Solids	See Section 105.6.8 10 gallons 100 pounds
Unstable (reactive) materials: Liquids Class 4 Class 3 Class 2 Class 1 Solids Class 4 Class 3 Class 2 Class 1	Any Amount Any Amount 5 gallons 10 gallons Any Amount Any Amount 50 pounds 100 pounds
Water-reactive materials: Liquids Class 3 Class 2 Class 1 Solids Class 3 Class 2 Class 1	Any Amount 5 gallons 55 gallons Any Amount 50 pounds 500 pounds

For SI: 1 gallon = 3.785 L, 1 pound = 0.454 kg.

- a. 20 gallons for Class 3 oxidizers when Table 5003.1.1(1) Note k applies and hazard identification signs in accordance with Section 5003.5 are provided for quantities of 20 gallons or less.
- b. 200 pounds for Class 3 oxidizers when Table 5003.1.1(1) Note k applies and hazard identification signs in accordance with Section 5003.5 are provided for quantities of 200 pounds or less.

105.6.30 is deleted in its entirety.

**Sec. 9.30.770. Day care facility permit.**

105.6.52 is added as follows:

**105.6.52 Day care facility.** An operational permit is required to operate a business as a day care facility for more than 6 people.

**Sec. 9.30.775. Institutional permits.**

105.6.53 is added as follows:

**105.6.53 Institutional.** A permit is required to operate, maintain, or use any institutional type occupancy. For the purpose of this Section, an institution shall be, but is not limited to: hospitals, children's home, home or institution for insane or mentally retarded persons, home or institution for the care of aged or senile persons, sanitarium, nursing or convalescent home, certified family care homes, residential care homes for the elderly, out of home placement facilities, halfway house, and day care nurseries or similar facility of any capacity.

105.6.54 is added as follows:

**105.6.54 Lithium Batteries.** An operational permit is required to collect or store more than 1,000 pounds (454 kg) of lithium batteries.

105.6.55 is added as follows:

**105.6.55 Additive Manufacturing.** An operational permit is required to conduct additive manufacturing operations as covered in Section 321.3.

105.7.4 is amended as follows:

**[A] 105.7.4 Compressed gases.** A construction permit is required to install any piped distribution system for compressed gases, or to install a non-flammable medical gas manifold system. A construction permit is required to install, repair damage to, abandon, remove, place temporarily out of service, close substantially, or modify a compressed gas system.

**Exceptions:**

1. Routine maintenance.
2. For emergency repair work performed on an emergency basis, application for permit shall be made within two working days of commencement of work.

The permit applicant shall apply for approval to close storage, use, or handling facilities at least 30 days prior to the termination of the storage, use, or handling of compressed or liquefied gases. Such application shall include any change or alteration of the facility closure plan. This 30-day period may be waived by the chief if there are special circumstances requiring such waiver.

105.7.5 is amended as follows:

**105.7.5 Cryogenic fluids.** A construction permit is required for installation of or alteration to cryogenic fluid storage systems where the system capacity exceeds the amounts listed in Table 105.6.10. Maintenance performed in accordance with this code is not considered an alteration and does not require a construction permit.

**Sec. 9.30.745 Construction permit fees.**

106.2.1 is added as follows:

**106.2.1 Construction permit fees.** Construction permit fees and plan review fees for fire hydrant systems, fire extinguishing systems, and fire alarm systems shall be paid to the Santa Clara County Fire Department in accordance with the following table based on valuation. The valuation shall be limited to the value of the system installation for which the permit is being issued. Plan review fees are 65 percent of the Permit Fee amount. For the purposes of determining the total fee amount for each permit, the plan review fee shall be added to the Permit Fee.

TOTAL VALUATIONS	PERMIT FEE
\$1.00 TO \$500.00	\$23.50
\$501.00 TO \$2,000.00	\$23.50 for the first \$500.00 plus \$3.05 for each additional \$100.00, or fraction thereof, to and including \$2,000.00
\$2001.00 TO \$25,000.00	\$69.25 for the first \$2,000.00 plus \$14.00 for each additional \$1,000.00 or fraction thereof, to and including \$25,000.00
\$25,001.00 TO \$50,000.00	\$391.25 for the first \$25,000.00 plus \$4.00 for each additional \$1,000.00, or fraction thereof, to and including \$50,000.00
\$50,001.00 TO \$100,000.00	\$630.15 for the first \$50,000.00 plus \$13.60 for each additional \$1,000.00, or fraction thereof, to and including \$100,000.00
\$100,001.00 to \$500,000.00	\$986.75 for the first \$100,000.00 plus \$7.00 for each additional \$1,000.00, or fraction thereof, to and including \$500,000.00
\$500,001 to \$1,000,000.00	\$3,228.15 for the first \$500,000.00 plus \$5.35 for each additional \$1,000.00, or fraction thereof, to and including \$1,000,000.00
\$1,000,001 and up	\$5,604.00 for the first \$1,000,000.00 plus \$4.75 for each additional \$1,000.00, or fraction thereof
Additional re-inspections, in connection with the permits above, are to be paid at \$120.00 for each occurrence at the discretion of the fire code official.	
Cancelled inspections without advance notice are to be paid at \$120.00 for each occurrence.	

**Sec. 9.30.750. Operational permit fees.**

106.2.2 is added as follows:

**106.2.2 Operational permit fees.** Operational permit fees shall be paid to the Santa Clara County Fire Department as follows:

FACILITY TYPE		PERMIT FEE
1.	Institutional	
	A. More than 6 persons	\$75.00 - Annually
	B. Over 50 persons	\$100.00 - Annually
2.	Day Care Facilities	
	More than 6 clients	\$35.00 - Annually
3.	Places of Assembly	
	A. 50-300 persons	\$50.00 - Annually
	B. Over 300 persons	\$85.00 - Annually
4.	Temporary Membrane Structures, Tents, and Canopies (Only those requiring permits in accordance with Section 105.6.47).	\$85.00 – Each occurrence

**Sec. 9.30.780. Final inspection.**

107.5 is added as follows:

**107.5 Final inspection.** No final inspection as to all or any portion of a development shall be deemed completed until the installation of the required fire protection facilities and access ways have been completed and approved. No final certificate of occupancy may be granted until the Fire Department issues notice of final clearance of such fire protection facilities and access ways to the Building Department.

**Sec. 9.30.785. Violations.**

[A] 110.4 Violation penalties is deleted in its entirety.

**CHAPTER 2  
DEFINITIONS**

Chapter 1 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

**202 GENERAL DEFINITIONS**

202 is amended as follows:

**3D PRINTER.** A machine used in the additive manufacturing process for fabricating objects through the deposition of a material using a print head, nozzle, or another printer technology.

**ADDITIVE MANUFACTURING.** A process of joining materials to make objects from 3D model data, usually layer upon layer, sometimes referred to as 3D printing. The Code recognizes two types of additive manufacturing:

1. Industrial additive manufacturing. 3D printing operations that typically utilize combustible powders or metals, an inert gas supply, a combustible dust collection system, or that create a hazardous (classified) location area or zone outside of the equipment.
2. Non-industrial additive manufacturing. 3D printing operations that do create a hazardous (classified) location area outside of the equipment, and do not utilize an inert gas supply or a combustible dust collection system.

**CORROSIVE LIQUID.** Corrosive liquid is:

1. Any liquid which, when in contact with living tissue, will cause destruction or irreversible alteration of such tissue by chemical action;
2. Any liquid having a pH of 2 or less or 12.5 or more;
3. Any liquid classified as corrosive by the U.S. Department of Transportation; and
4. Any material exhibiting the characteristics of corrosivity in accordance with Title 22, California Code of Regulations §66261.22.

**MINIMUM THRESHOLD QUANTITY.** Minimum threshold quantity is the aggregate of highly toxic, toxic, or moderately toxic gases in a control area which, due to the minimum aggregate quantities, need only comply with the requirements set forth in Section 6004.1

**MODERATELY TOXIC GAS.** A chemical or substance that has a median lethal concentration (LC50) in air more than 2000 parts per million but not more than 5000 parts per million by volume of gas or vapor, when administered by continuous inhalation for an hour, or less if death occurs within one hour, to albino rats weighing between 200 and 300 grams each.

**OTHER HEALTH HAZARD MATERIAL.** A hazardous material which affects target organs of the body, including but not limited to, those materials which produce liver damage, kidney damage, damage to the nervous system, act on the blood to decrease hemoglobin function, deprive the body tissue of oxygen or affect reproductive capabilities, including mutations (chromosomal damage) or teratogens (effect on fetuses).

**SECONDARY CONTAINMENT.** Secondary containment is that level of containment that is external to and separate from primary containment and is capable of safely and securely containing the material, without discharge, for a reasonable period of time to ensure detection and remedy of the primary containment failure.

**SPILL CONTROL.** That level of containment that is external to and separate from the primary containment and is capable of safely and securely containing the contents of the largest container and prevents the materials from spreading to other parts of the room.

**WORKSTATION** is a defined space or an independent principal piece of equipment using hazardous material with a hazard rating of 3 or 4 in accordance with NFPA 704, where a specific function, laboratory procedure or research activity occurs. Approved or listed hazardous materials storage cabinets, flammable liquid storage cabinets or gas cabinets serving a workstation are included as part of the workstation. A workstation is allowed to contain ventilation equipment, fire protection devices, detection devices, electrical devices, and other processing and scientific equipment.

### **CHAPTER 3 GENERAL REQUIREMENTS**

Chapter 3 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

315.8 is added as follows:

#### **315.8 LITHIUM BATTERY STORAGE AND HANDLING**

**315.8 Lithium Battery Storage and Handling.** The storage and handling of lithium ion and lithium metal batteries or cells in quantities exceeding 1,000 pounds (4086 kg) shall comply with Section 315.8.1 through 315.8.10, and Chapter 32 where applicable.

**315.8.1 Permits.** Permits shall be required as set forth in Section 105.6.54.

**315.8.2 Maximum quantity in a fire area.** The aggregate amount of lithium batteries stored and handled in a single fire area shall not exceed 9,000 pounds (4086 kg).

**315.8.3 Construction requirements.** Fire areas shall be separated from each other by fire barriers having not less than 2-hour fire resistance rating constructed in accordance with Section 707 of the Building Code and horizontal assemblies constructed in accordance with Section 711 of the Building Code.

**315.8.4 Number of fire areas.** The maximum number of fire areas within a building shall be four.

**315.8.5 Group H, Division 2 occupancy.** Storage and handling of more than 9,000 pounds of lithium batteries per fire area shall be in an approved Group H, Division 2 occupancy constructed in accordance with the Building Code and provided throughout with approved automatic smoke detection and radiant-energy detection systems.



**315.8.6 Automatic sprinkler system.** Buildings containing fire areas used for lithium battery storage or handling shall be equipped throughout with an approved automatic sprinkler system in accordance with Section 903.3.1.1. The design of the sprinkler system within each fire area shall not be less than that required for Extra Hazard Group 2 with a minimum design area of 2,500 square feet. Where the storage arrangement is required by other provisions of this code to be provided with a higher level of sprinkler system protection, the higher level of sprinkler system protection shall be provided.

**315.8.7 Automatic smoke detection system.** An approved automatic smoke detection system that activates an approved occupant notification system shall be provided throughout each fire area in accordance with Section 907.

**315.8.8 Radiant energy detection.** An approved radiant-energy detection system that activates an approved occupant notification system shall be installed throughout each fire area in accordance with Section 907.

**315.8.9 Collection containers.** Containers used to collect, or store lithium batteries shall be noncombustible and shall not have an individual capacity exceeding 30 gallons (113.6 L), or be approved for transportation in accordance with the Department of Transportation (DOT).

**315.8.10 Storage configuration.** Lithium batteries shall be considered a high-hazard commodity in accordance with Chapter 32 and where applicable, lithium battery storage shall comply with Chapter 32 in addition to Section 315.8.

## **316 HAZARDS TO FIRE FIGHTERS**

316.7 is added as follows:

**316.7 Roof guardrails at interior courts.** Roof openings into interior courts that are bounded on all sides by building walls shall be protected with guardrails. The top of the guardrail shall not be less than 42 inches in height above the adjacent roof surface that can be walked on. Intermediate rails shall be designed and spaced such that a 12-inch diameter sphere cannot pass through.

### **Exception:**

Where the roof opening is greater than 600 square feet in area.

321 is added as follows:

## **321 ADDITIVE MANUFACTURING**

**321.1 General.** Additive manufacturing equipment and operations shall comply with Section 321.

**321.1.1 Scope.** Additive manufacturing shall comply with one of the following:

1. Non-industrial additive manufacturing shall comply with Section 321.2.
2. Industrial additive manufacturing shall comply with Section 321.3.

**321.1.2 Installation, operation and maintenance.** 3D printers and associated additive manufacturing equipment shall be installed, operated, and maintained in accordance with this Code, the listing, and the manufacturer's instructions.

**321.1.3 Production materials.** Only the production materials listed for use with the equipment and included in the manufacturer's instructions shall be used.

**321.2 Non-industrial additive manufacturing.** Non-industrial additive manufacturing equipment and operations shall comply with Section 321.2.1 through 321.2.4. Additive manufacturing equipment and operations that do not comply with Section 321.2 shall comply with Section 321.3.

**321.2.1 Listing.** 3D printers used in non-industrial additive manufacturing shall be listed and labeled in accordance with UL 60950-1, UL 62368-1, or UL 2011. The listing shall also verify:

1. The 3D printers are self-contained and utilize maximum 30-liter pre-packaged production materials.
2. The operation of the 3D printers shall not create a hazardous (classified) electrical area or outside of the unit.
3. If any hazardous (classified) electrical area or zone exists inside of the unit's outer enclosure, the area shall be protected by intrinsically safe electrical construction or other acceptable protection methods.
4. The 3D printers shall not utilize inert gas or an external combustible dust collection.

**321.2.2 Occupancies.** Non-industrial additive manufacturing shall be permitted in all occupancy groups.

**321.3 Industrial additive manufacturing.** Industrial additive manufacturing equipment and operations shall comply with Section 321.3.1 through 321.3.13.

**321.3.1 Permits required.** Permits shall be obtained from the fire code official in accordance with Section 105.6.55 prior to engaging in industrial additive manufacturing operations.

**321.3.2 Listing.** 3D printers used in industrial additive manufacturing shall be listed and labeled in accordance with UL 2011 or approved for the application based on a field evaluation conducted by an approved agency.

**321.3.3 Combustible dusts and metals.** Industrial additive manufacturing operations that store, use, or produce combustible dust, combustible particulate solids, or combustible metals shall comply with Chapter 22 and this section.

**321.3.4 Powder evaluation.** Printing powders used in industrial additive manufacturing operations shall be tested for combustibility in accordance with NFPA 484 or NFPA 652 as applicable. A copy of test reports shall be provided to the fire code official upon request.

**321.3.5 Combustible (non-metallic) dusts.** Industrial additive manufacturing that uses operations that store, use, or produce combustible (non-metallic) dusts shall comply with NFPA 654.

**321.3.6 Combustible metals.** Industrial additive manufacturing operations that store or use combustible metals shall also comply with NFPA 484.

**321.3.7 Ancillary equipment.** Ancillary equipment provided for recycling, sieving, vacuuming, or handling combustible powders shall be designed and approved for such use.

**321.3.8 Hazardous materials.** Industrial additive manufacturing operations that store or use hazardous materials exceeding the maximum allowable quantity limits shall comply with Chapter 50.

**321.3.9 Inert Gas.** Additive manufacturing processes that utilize inert gases shall comply with Chapter 53. Ventilation or gas detection shall be provided in accordance with Section 5307.

**321.3.10 Technical assistance.** Where required by the fire code official, a report evaluating the acceptability of technologies, processes, products, facilities, materials, and uses associated with the operation shall be provided in accordance with 104.7.2 and approved.

**321.3.11 Performance based design alternative.** Where approved by the fire code official, buildings and facilities where industrial additive manufacturing is performed shall be permitted to comply with the performance-based design options in Section 5001.3 as an alternative to compliance with the other requirements set forth in this Section.

**321.3.12 Occupancies.** Industrial additive manufacturing shall only be conducted in the occupancy groups associated with manufacturing operations. The occupancy may be required by the fire code official to comply with Chapter 50 maximum allowable quantity tables. Where approved, the requirements in Sections 321.2.5 and 321.3.6 shall be permitted to provide the technical basis for determining compliance with Table 5003.1.1(1), footnote q.

**321.3.13 Safety Certification.** The equipment, process, training procedures, and occupancy associated with industrial additive manufacturing may be required by the fire code official to receive a safety certification from Underwriter's Laboratory or equivalent.

## CHAPTER 5 FIRE SERVICE FEATURES

Chapter 5 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### 503 FIRE APPARATUS ACCESS ROADS

503.1 is amended as follows:

**503.1 Where required.** Fire apparatus access roads shall be provided and maintained in accordance with Sections 503.1.1 through 503.1.3 and as per fire department access road standards.

503.1.1 is amended as follows:

**503.1.1 Buildings and facilities.** Approved fire apparatus access roads shall be provided for every facility, building or portion of a building hereafter constructed or moved into or within the jurisdiction. The fire apparatus access road shall comply with the requirements for this section and shall extend to within 150 feet (45 720 mm) of all portions of the facility and all portions of the exterior walls of the first story of the building as measured by an approved route around the exterior of the building or facility.

#### Exceptions:

1. The fire code official is authorized to increase the dimension of 150 feet (45 720 mm) where any of the following conditions occur:
  - 1.1 In other than R-3 occupancies, when the building is equipped throughout with an approved automatic sprinkler system installed in accordance with Section 903.3.11 the dimension may be increased to a maximum of 300 feet when approved by the fire code official.
  - 1.2 When fire apparatus access roads cannot be installed because of topography, waterways, nonnegotiable grades, or other similar conditions, an approved alternative means of fire protection shall be provided.
  - 1.3 When there are no more than two Group R-3 or accessory Group U occupancies, the dimension may be increased to a maximum of 200 feet.
2. Where approved by the fire code official, fire apparatus access roads shall be permitted to be exempted or modified for solar photovoltaic power generation facilities.

503.2.1 is amended as follows:

**503.2.1 Dimensions.** Fire apparatus access roads shall have an unobstructed width of not less than 20 feet (6096 mm), exclusive of shoulders, or as required by fire department access road

standards, except for approved security gates in accordance with Section 503.6, and an unobstructed vertical clearance of 13 feet 6 inches (4115 mm).

**Exception:**

When there are not more than two Group R, Division 3, or Group U occupancies, the access road width may be modified by the fire code official.

503.2.2 is amended as follows:

**503.2.2 Authority.** The fire code official shall have the authority to require or permit modifications to the required access widths and/or vertical clearance where they are inadequate for fire or rescue operations or where necessary to meet the public safety objectives of the jurisdiction.

## **504 ACCESS TO BUILDING OPENING AND ROOFS**

504.5 is added as follows:

**504.5 Access control devices.** When access control devices including bars, grates, gates, electric or magnetic locks or similar devices, which would inhibit rapid fire department emergency access to or within the building are installed, such devices shall be approved by the fire code official. All electrically powered access control devices shall be provided with an approved means for deactivation or unlocking from a single location or otherwise approved by the fire code official.

Access control devices shall also comply with Chapter 10 Means of Egress.

## **510 EMERGENCY RESPONDER RADIO COVERAGE**

510.1 is amended as follows:

**510.1 Emergency responder radio coverage in new buildings.** Approved radio coverage for emergency responders shall be provided within all buildings meeting any one of the following conditions:

1. There are more than 3 stories above grade plane (as defined by the Building Code Section 202);
2. The total building area is 30,000 square feet or more;
3. The total basement area is 5,000 square feet or more; or
4. Where required by the fire code official and radio coverage signal strength levels are not consistent with the minimum levels set forth in Section 510.4.1.

**Exceptions:**

1. Where approved by the fire code official, a wired communication system in accordance with Section 907.2.12.2 shall be permitted to be installed or maintained in lieu of an approved radio coverage system.
2. Where it is determined by the fire code official that the radio coverage system is not needed.
3. In facilities where emergency responder radio coverage is required and such systems, components or equipment required could have a negative impact on the normal operations of that facility, the fire code official shall have the authority to accept an automatically activated emergency responder radio coverage system.
4. Buildings and areas of buildings that have minimum radio coverage signal strength levels of the Silicon Valley Regional Interoperability Authority (SVRIA) P25 Phase 2 700 MHz Digital Trunked Radio System within the building in accordance with Section 510.4.1 without the use of an indoor radio coverage system.

The radio coverage system shall be installed and maintained in accordance with Sections 510.4 through 510.6.4 of this code and with the applicable provisions of NFPA 1221, Standard for the Installation, and Maintenance and Use of Emergency Services Communications Systems.

The coverage shall be based upon the existing coverage levels of the public safety communication systems of the jurisdiction at the exterior of the building. This section shall not require improvement of the existing public safety communication systems.

510.1.1 is added as follows:

**510.1.1 Obstruction by new buildings.** No obstruction of the public safety system backhaul shall be allowed without an approved mitigating plan.

510.2 is deleted in its entirety.

510.3 is amended as follows:

**510.3 Permit required.** A construction permit, for the installation of, or modification to emergency responder radio coverage systems and related equipment is required as specified in Section 105.7.6. Maintenance performed in accordance with this code is not considered a modification and does not require a permit. A frequency change made to an existing system is considered to be new construction and will require a construction permit.

510.4 is amended as follows:

**510.4 Technical requirements.** Systems, components and equipment required to provide the emergency responder radio coverage system shall comply with the current Emergency Responders Radio Coverage Systems Standard Details & Specification enforced by the Santa Clara County Fire Department.

510.4.1.1 is amended as follows:

**510.4.1.1 Minimum signal strength into the building.** The minimum inbound signal strength shall be sufficient to provide usable voice communications throughout the coverage area as specified by the fire code official. The inbound signal level shall be sufficient to provide not less than a Delivered Audio Quality (DAQ) of 3.0 for analog communications and a DAQ of 3.4 for digital communications systems or an equivalent Signal-to-Interference-Plus-Noise Ratio (SINR) applicable to the technology.

510.4.1.2 is amended as follows:

**510.4.1.2 Minimum signal strength out of the building.** The minimum outbound signal strength shall be sufficient to provide usable voice communications throughout the coverage area as specified by the fire code official. The outbound signal level shall be sufficient to provide not less than a DAQ of 3.0 for analog communications and a DAQ of 3.4 for digital communications systems or an equivalent SINR applicable to the technology ~~for either analog or digital signals.~~

510.5 is amended as follows:

**510.5 Installation requirement.** The installation of the emergency responder radio coverage system shall be in accordance with NFPA 1221 and the current Emergency Responder Radio Coverage Systems Standard Details & Specification enforced by the Santa Clara County Fire Department.

510.5.1 is amended as follows:

**510.5.1 Approval prior to installation.** Amplification systems capable of operating on frequencies licensed to any public safety agency by the FCC or other radio licensing authority shall not be installed without prior coordination and approval of the fire code official and the agency FCC license holder or systems administrator.

Amend the First Paragraph of 510.5.3 as follows:

**510.5.3 Acceptance test procedure.** Where an emergency responder radio coverage system is required, and upon completion of installation, the building owner shall have the radio system tested to verify that two-way coverage on each floor of the building is not less than 95 percent. Final system acceptance will require ERRCS power level and DAQ testing with the agency FCC license holder, systems administrators, or designee.

## CHAPTER 6 BUILDING SERVICES AND SYSTEMS

Chapter 6 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### 603 FUEL-FIRED APPLIANCES

603.4.2.1.1 is amended as follows:

**603.4.2.1.1 Prohibited locations.** The storage or use of portable outdoor gas-fired heating appliances is prohibited in any of the following locations:

1. Inside of any occupancy where connected to the fuel gas container.
2. Inside of tents, canopies and membrane structures.
3. On exterior balconies and rooftops in other than R-3 occupancies.

### 604 ELECTRICAL EQUIPMENT, WIRING AND HAZARDS

604.12 is added as follows:

**604.12 Immersion heaters.** All electrical immersion heaters used in dip tanks, sinks, vats, and similar operations shall be provided with approved over-temperature controls and low liquid level electrical disconnects. Manual reset of required protection devices shall be provided.

## CHAPTER 8 INTERIOR FINISH, DECORATIVE MATERIALS AND FURNISHINGS

Chapter 8 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### 806 NATURAL DECORATIVE VEGETATION IN NEW AND EXISTING BUILDINGS

806.1.1 is amended as follows:

**806.1.1 Restricted occupancies.** The display of natural cut trees and other decorative vegetation shall be in accordance with the California Code of Regulations, Title 19, Division 1, Section 3.08 and Sections 806 .1 through 806.4.

#### Exceptions:

1. Trees located in areas protected by an approved automatic sprinkler system installed in



accordance with Section 903.3.1.1 or 903.3.1.2 shall not be prohibited in Groups A, E, M, R-1 and R-2.

2. Trees shall be allowed within dwelling units in Group R-2 occupancies.

## **CHAPTER 9 FIRE PROTECTION AND LIFE SAFETY SYSTEMS**

Chapter 9 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### **901 GENERAL**

901.6.3 is amended as follows:

**901.6.3 Records.** Records of all system inspections, tests and maintenance required by the referenced standard shall be maintained on the premises for a minimum of five years. Inspections and tests performed on fire alarm systems shall be documented on NFPA 72 forms.

### **903 AUTOMATIC SPRINKLER SYSTEMS**

903.2 is amended as follows:

**903.2 Where required.** Approved automatic sprinkler system in new and existing buildings and structures shall be provided in the locations described in this Section or in Sections 903.2.1 through 903.2.18 whichever is the more restrictive.

For the purposes of this section, firewalls and fire barriers used to separate building areas shall be constructed in accordance with the California Building Code and shall not be utilized as a means of area reduction for the purposes of circumventing automatic fire sprinkler system installation requirements.

1. An approved automatic sprinkler system shall be provided throughout all new buildings and structures.

#### **Exceptions:**

- a. Buildings and structures that do not exceed 1,000 square feet of building area and that are not located in the Wildland-Urban Interface Fire Area.
- b. Buildings and structures that are located in the Wildland-Urban Interface Fire Area and do not exceed 500 square feet of building area.
- c. Group S-2 or U occupancies that are not located in the Wildland-Urban Interface and used exclusively for vehicle parking and meeting all of the following conditions:
  - i. Noncombustible construction;

- ii. Maximum building area not to exceed 5,000 square feet;
  - iii. Structure is open on three (3) or more sides; and
  - iv. Minimum of 10 feet separation from existing buildings unless area is separated by fire walls complying with CBC 706.
2. An automatic sprinkler system shall be provided throughout existing buildings and structures when alterations or additions are made that create conditions described in Sections 903.2.1 through 903.2.18.
  3. An automatic sprinkler system shall be provided throughout existing buildings and structures, when additions are made that increase the building area to more than 3,600 square feet.

**Exception:** One or more additions made to a building after January 1, 2011 that does not total more than 1,000 square feet of building area.

4. An automatic sprinkler system shall be provided throughout all new basements regardless of size and throughout existing basements that are expanded by more than 50 percent.
5. Any change in the character of occupancy or in use of any building with a building area equal to or greater than 3,600 square feet which, in the opinion of the fire code official or building official, would place the building into a more hazardous division of the same occupancy group or into a different group of occupancies and constitutes a greater degree of life safety or increased fire risk, shall require the installation of an approved automatic fire sprinkler system.

1 Life Safety - Increased occupant load, public assembly areas, public meeting areas, churches, indoor amusement attractions, buildings with complex exiting systems due to increased occupant loads, large schools/day-care facilities, and large residential care facilities with non-ambulatory persons.

2 Fire Risks - High-piled combustible storage, woodworking operations, hazardous operations using hazardous materials, increased fuel loads (storage of moderate to highly combustible materials), and increased sources of ignition (welding, automotive repair with the use of flammable liquids and open flames).

903.2.18 **Exception** only is deleted.

## 909 SMOKE CONTROL SYSTEMS

909.20.1 is amended as follows:

**909.20.1 Schedule.** A routine maintenance and operational testing program shall be initiated immediately after the smoke control system has passed the acceptance tests. A written

schedule for routine maintenance and operational testing shall be established and both shall occur at least annually.

**CHAPTER 11  
CONSTRUCTION REQUIREMENTS FOR EXISTING BUILDINGS.**

Delete Chapter 11 of the 2018 International Fire Code in its entirety.

**CHAPTER 33  
FIRE SAFETY DURING CONSTRUCTION AND DEMOLITION**

Chapter 33 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

**3304 PRECAUTIONS AGAINST FIRE**

3304.9 is added as follows:

**3304.9 Fire walls.** When firewalls are required in combustible construction, the wall construction shall be completed (with all openings protected) immediately after the building is sufficiently weather protected at the location of the wall(s).

**3311 MEANS OF EGRESS**

3311.1 is amended as follows:

**3311.1 Stairways required.** Each level above the first story in multi-story buildings that require two exit stairways shall be provided with at least two usable exit stairways after the floor decking is installed. Exit stairs in new and in existing, occupied buildings shall be lighted and maintained clear of debris and construction materials at all times.

**Exception:**

For multi-story buildings, one of the required exit stairs may be obstructed on not more than two contiguous floor levels for the purposes of stairway construction (i.e., installation of gypsum board, painting, flooring, etc.).

3311.1.1 is added as follows:

**3311.1.1 Required means of egress.** All buildings under construction shall have at least one unobstructed means of egress. All means of egress shall be identified in the pre-fire plan see Section 3308.3.

**CHAPTER 49**  
**REQUIREMENTS FOR WILDLAND-URBAN INTERFACE FIRE AREAS**

Chapter 49 of the 2019 California Fire Code is adopted with the following amendments:

**4902 DEFINITIONS**

Amend the following definition as follows:

**Wildland-Urban Interface Fire Area.** A geographical area identified by the state as a " Fire Hazard Severity Zone" in accordance with the Public Resources Code Sections 4201 through 4204 and Government Code Sections 51175 through 51189, or other areas designated by the enforcing agency to be at a significant risk from wildfires. The Wildland-Urban Interface Fire Area shall be defined as all areas within the Town of Los Gatos as set forth and delineated on the map entitled "Wildland-Urban Interface Fire Area" which map and all notations, references, data, and other information shown thereon are hereby adopted and made a part of this chapter. The map properly attested, shall be on file in the Office of the Town Clerk of the Town of Los Gatos.

**4906 HAZARDOUS VEGETATION AND FUEL MANAGEMENT**

4906.2 is amended as follows:

**4906.2 Application.** Buildings and structures located in the following areas shall maintain the required hazardous vegetation and fuel management:

1. All unincorporated lands designated by the State Board of Forestry and Fire Protection as State Responsibility Areas (SRA) including:
  - 1.1 Moderate Fire Hazard Severity Zones
  - 1.2 High Fire Hazard Severity Zones
  - 1.3 Very-high Fire Hazard Severity Zones
2. Land designated as a Very-high Fire Hazard Severity Zone or as a Wildland Urban Interface Fire Area by the Town of Los Gatos.

**4907 DEFENSIBLE SPACE**

4907.1 is amended as follows:

**4907.1 General.** Defensible space will be maintained around all buildings and structures in State Responsibility Area (SRA) as required in Public Resources Code 4290 and "SRA Fire Safe Regulations" California Code of Regulations, Title 14, Division 1.5, Chapter 7, Subchapter 2, Section 1270.

Buildings and structures within the Very-High Fire Hazard Severity Zones of a Local Responsibility Area (LRA) shall maintain defensible space as outlined in Government Code 51175 - 51189 and any local ordinance of the authority having jurisdiction.

Persons owning, leasing, controlling, operating, or maintaining buildings or structures in the locally adopted Wildland-Urban Interface Fire Area but that are not within the Very-High Fire Hazard Severity Zone and persons owning, leasing, or controlling land adjacent to such buildings or structures, shall at all times:

1. Maintain an effective defensible space by removing and clearing away flammable vegetation and combustible growth from areas within 30 feet (9144 mm) of such buildings or structures.

**Exception:** Single specimens of trees, ornamental shrubbery or similar plants used as ground covers, provided that they do not form a means of rapidly transmitting fire from the native growth to any structure.

2. Maintain additional effective defensible space by removing brush, flammable vegetation and combustible growth located 30 feet to 100 feet (9144 mm to 30480 mm) when required by the fire code official due to steepness of terrain or other conditions that would cause a defensible space of only 30 feet (9144 mm) to be insufficient.

**Exception:** Grass and other vegetation located more than 30 feet (9144 mm) from buildings or structures and less than 18 inches (457 mm) in height above the ground need not be removed where necessary to stabilize the soil and prevent erosion.

3. Remove portions of trees, which extend within 10 feet (3048 mm) of the outlet of a chimney.
4. Maintain trees adjacent to or overhanging a building free of deadwood; and
5. Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.
6. Defensible space shall also be provided around water tank structures, water supply pumps, and pump houses.
7. Remove flammable vegetation a minimum of 10 feet around liquefied petroleum gas tanks/containers.
8. Firewood and combustible materials shall not be stored in unenclosed spaces beneath buildings or structures, or on decks or under eaves, canopies or other projections or overhangs. The storage of firewood and combustible material within the defensible space shall be located a minimum of 30 feet (6096 mm) from structures and separated from the crown of trees by a minimum horizontal distance of 15 feet (4572 mm).

**Exception:** Firewood and combustible materials not for consumption on the premises shall be stored as approved by the fire code official.

9. Clear areas within 10 feet (3048 mm) of fire apparatus access roads and driveways of non-fire-resistive vegetation growth.

**Exception:** Single specimens of trees, ornamental vegetative fuels or cultivated ground cover, such as green grass, ivy, succulents, or similar plants used as ground cover, provided they do not form a means of readily transmitting fire.

4907.2 is added as follows:

**4907.2 Corrective actions.** The executive body is authorized to instruct the fire code official to give notice to the owner of the property upon which conditions regulated by Section 4907.1 exist to correct such conditions. If the owner fails to correct such conditions the executive body is authorized to cause the same to be done and make the expense of such correction a lien upon the property where such conditions exist.

4908 is added as follows:

#### **4908 FIRE PROTECTION PLAN**

**4908.1 General.** When required by the fire code official, a fire protection plan shall be prepared.

**4908.2 Content.** The plan shall be based upon a site-specific wildfire risk assessment that includes considerations of location, topography, aspect, flammable vegetation, climatic conditions, and fire history. The plan shall address water supply, access, building ignition and fire-resistance factors, fire protection systems and equipment, defensible space, and vegetation management.

**4908.3 Cost.** The cost of fire protection plan preparation and review shall be the responsibility of the applicant.

**4908.4 Plan retention.** The fire protection plan shall be retained by the fire code official.

4909 is added as follows:

#### **4909 WATER SUPPLY**

**4909.1 General.** Buildings and structures, or portions thereof, hereafter constructed or relocated into or within the Wildland-Urban Interface Fire Area shall be provided with fire protection water supplies in accordance with Chapter 5 and Section 4909.2.

**Exception:**

Buildings containing only private garages, carports, sheds, and agricultural buildings with a building area of not more than 500 square feet (56 m<sup>2</sup>).

**4909.2 Standby power.** Standby power shall be provided to pumps, controllers, and related electrical equipment so that stationary water supply facilities within the wildland-

urban interface area that are dependent on electrical power can provide the required water supply. The standby power system shall be in accordance with the Electrical Code. The standby power source shall be capable of providing power for a minimum of two hours.

**Exceptions:**

1. When approved by the fire code official, a standby power supply is not required where the primary power service to the stationary water supply facility is underground.
2. A standby power supply is not required where the stationary water supply facility serves no more than one single-family dwelling.

4910 is added as follows:

**4910 IGNITION SOURCE CONTROL**

**4910.1 Fireworks.** Fireworks shall not be used or possessed in the Wildland-Urban Interface Fire Area.

**CHAPTER 50  
HAZARDOUS MATERIALS-GENERAL PROVISIONS**

Chapter 50 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

**5001 GENERAL**

5001.2.2.2 is amended as follows:

**5001.2.2.2 Health hazards.** The material categories listed in this section are classified as health hazards. A material with a primary classification as a health hazard can also pose a physical hazard.

1. Highly toxic and toxic materials.
2. Corrosive materials.
3. Moderately toxic gas.
4. Other health hazards.

5001.5.3 is added as follows:

**5001.5.3 Hazardous Materials Business Plan (HMBP).** Where required by the Fire code official, facilities shall submit a Hazardous Materials Business Plan (HMBP) as required by California Health & Safety Code (HSC), Chapter 6.95, Sections 25500 through 25545, and Title 19, Division 2, Chapter 4. The HMBP shall be electronically submitted in accordance with the fire code official's requested timeframe and no less frequently than is required by the HSC.

## 5003 GENERAL REQUIREMENTS

5003.1.3.1 is added as follows:

**5003.1.3.1 Highly toxic, toxic, moderately toxic gases, and similarly used or handled materials.** The storage, use, and handling of highly toxic, toxic, and moderately toxic gases in amounts exceeding Table 6004.2.1.4 shall be in accordance with this chapter and Chapter 60. Any highly toxic, toxic or moderately toxic material that is used or handled as a gas or vapor shall be in accordance with the requirements for highly toxic, toxic, or moderately toxic gases.

5003.1.5 is added as follows:

**5003.1.5 Other health hazards.** The storage, use, and handling of materials classified as other health hazards including carcinogens, irritants, and sensitizers in amounts exceeding 810 cubic feet for gases, 55 gallons for liquids, and 5,000 pounds for solids shall be in accordance with Section 5003.

5003.1.6 is added as follows:

**5003.1.6 Additional spill control and secondary containment requirements.** In addition to the requirements set forth in Section 5004.2, an approved containment system is required for any quantity of hazardous materials, that are liquids or solids at normal temperature, and pressure (NTP) where a spill is determined to be a plausible event and where such an event would endanger people, property, or the environment. The approved containment system may be required to include a combination of spill control and secondary containment meeting the design and construction requirements set forth in Section 5004.2.

5003.2.2.1 is added as follows:

**5003.2.2.1 Design and construction.** Piping, tubing, valves, fittings and related components used for hazardous materials shall be in accordance with the following:

1. Piping, tubing, valves, fittings and related components shall be designed and fabricated from materials that are compatible with the material to be contained and shall be of adequate strength and durability to withstand the pressure, structural and seismic stress, and exposure to which they are subject.
2. Piping and tubing shall be identified in accordance with ASME A13.1 and the Santa Clara County Fire Chiefs Marking Requirements and Guidelines for Hazardous Materials and Hazardous Waste to indicate the material conveyed.
3. Readily accessible manual valves or automatic remotely activated fail-safe emergency shutoff valves shall be installed on supply piping and tubing at the following locations:
  1. The point of use.
  2. The tank, cylinder, or bulk use.



4. Manual emergency shutoff valves and controls for remotely activated emergency shutoff valves shall be identified and the location shall be clearly visible, accessible, and indicated by means of a sign.
5. Backflow prevention or check valves shall be provided where the backflow of hazardous materials could create a hazardous condition or cause the unauthorized discharge of hazardous materials.
6. Where gases or liquids having a hazard ranking of: Health Hazard Class 3 or 4  
Flammability Class 4  
Reactivity Class 4  
In accordance with NFPA 704 are carried in pressurized piping above 15 pounds per square inch gauge (psig) (103 Kpa), an approved means of leak detection and emergency shutoff or excess flow control shall be provided. Where the piping originates from within a hazardous material storage room or area, the excess flow control shall be located within the storage room or area. Where the piping originates from a bulk source, the excess flow control shall be located as close to the bulk source as practical.

**Exceptions:**

1. Piping for inlet connections designed to prevent backflow.
2. Piping for pressure relief devices.
7. Secondary containment or equivalent protection from spills or leaks shall be provided for piping for liquid hazardous materials and for highly toxic and toxic corrosive gases above threshold quantities listed in Table 6004.2.1.4. Secondary containment includes but is not limited to double walled piping.

**Exceptions:**

1. Secondary containment is not required for toxic corrosive gases if the piping is constructed of inert materials.
2. Piping under sub-atmospheric conditions if the piping is equipped with an alarm and fail-safe-to-close valve activated by a loss of vacuum.
8. Expansion chambers shall be provided between valves whenever the regulated gas may be subjected to thermal expansion. Chambers shall be sized to provide protection for piping and instrumentation and to accommodate the expansion of regulated materials.

5003.2.2.2 is amended as follows:

**5003.2.2.2 Additional regulation for supply piping for health-hazard materials.** Supply piping and tubing for gases and liquids having a health hazard ranking of 3 or 4 shall be in accordance with ASME B31.3 and the following:

1. Piping and tubing utilized for the transmission of highly toxic, toxic, or highly volatile corrosive liquids and gases shall have welded or brazed connections throughout except for connections within an exhausted enclosure if the material is a gas, or an approved method of drainage or containment is provided for connections if the material is a liquid.
2. Piping and tubing shall not be located within corridors, within any portion of a means of egress required to be enclosed in fire-resistance-rated construction or in concealed

spaces in areas not classified as Group H occupancies.

**EXCEPTION:** Piping and tubing within the space defined by the walls of corridors and the floor or roof above or in concealed space above other occupancies when installed in accordance with Section 415.11 of the California Building Code for Group H-5 occupancies.

3. All primary piping for highly toxic, toxic, and moderately toxic gases shall pass a helium leak test of  $1 \times 10^{-9}$  cubic centimeters/second where practical, or shall pass testing in accordance with an approved, nationally recognized standard. Tests shall be conducted by a qualified third party not involved with the construction of the piping and control systems.

5003.3.1 is amended as follows:

**5003.3.1 Unauthorized discharges.** Where hazardous materials are released in quantities reportable under state, federal, or local regulations or when there is release or a threatened release that presents a threat to health, property, or the environment, the fire code official shall be notified immediately in an approved manner and the following procedures required in accordance with Sections 5003.3.1.1 through 5003.3.1.4.

5003.5.2 is amended as follows:

**5003.5.2 Ventilation ducting.** Ducts venting hazardous materials operations shall be labeled with the hazard class of the material being vented and the direction of flow.

5003.5.3 is added as follows:

**5003.5.3 "H" occupancies.** In "H" occupancies, all piping and tubing may be required to be identified when there is any possibility of confusion with hazardous materials transport tubing or piping. Flow direction indicators are required.

5003.9.11 is added as follows:

**5003.9.11 Fire extinguishing systems for workstations dispensing, handling, or using hazardous materials.** Combustible and non-combustible workstations, which dispense, handle, or use hazardous materials, shall be protected by an approved automatic fire extinguishing system in accordance with Section 2703.10.

**Exception:** Internal fire protection is not required for Biological Safety Cabinets that carry NSF/ANSI certification where quantities of flammable liquids in use or storage within the cabinet do not exceed 500ml.

5003.10.4 is amended as follows:

**5003.10.4** Elevators utilized to transport hazardous materials.

**5003.10.4.1** When transporting hazardous materials, elevators shall have no other passengers other than in the individual(s) handling the chemical transport cart.

**5003.10.4.2** Hazardous materials liquid containers shall have a maximum capacity of 20 liters {5.28 gal).

**5003.10.4.3** Highlytoxic, toxic, and moderately toxic gases shall be limited to a container of a maximum water capacity of 1lb.

**5003.10.4.4** Means shall be provided to prevent the elevator from being summoned to other floors.

## **5004 STORAGE**

5004.2.1 is amended as follows:

**5004.2.1 Spill control for hazardous material liquids.** Rooms, buildings or areas used for storage of hazardous material liquids in individual vessels having a capacity of more than 55 gallons (208 L), or in which the aggregate capacity of multiple vessels exceeds 1,000 gallons (3785 L), shall be provided with spill control to prevent the flow of liquids to adjoining areas. Floors in indoor locations and similar surfaces in outdoor locations shall be constructed to contain a spill from the largest single vessel by one of the following methods:

1. Liquid-tight sloped or recessed floors in indoor locations or similar areas in outdoor locations.
2. Liquid-tight floors in indoor and outdoor locations or similar areas provided with liquid-tight raised or recessed sills or dikes.
3. Sumps and collection systems, including containment pallets in accordance with Section 5004.2.3.
4. Other approved engineered systems.

Except for surfacing, the floors, sills, dikes, sumps and collection systems shall be constructed of noncombustible material, and the liquid-tight seal shall be compatible with the material stored. When liquid-tight sills or dikes are provided, they are not required at perimeter openings having an open-grate trench across the opening that connects to an approved collection system.

5004.2.2.2 is amended as follows:

**5004.2.2.2 Incompatible materials.** Incompatible materials shall be separated from each other in independent secondary containment systems.

5004.2.3 is amended as follows:

**5004.2.3 Containment pallets.** Where used as an alternative to spill control and secondary containment for outdoor storage in accordance with the exception in Section 5004.2, containment pallets shall comply with all of the following:

1. A liquid-tight sump accessible for visual inspection shall be provided;
2. The sump shall be designed to contain not less than 66 gallons (250L);
3. Exposed surfaces shall be compatible with material stored;
4. Containment pallets shall be protected to prevent collection of rainwater within the sump of the containment pallet.

Combustible containment pallets shall not be used inside buildings to comply with Section 5004.2 where the individual container capacity exceeds 55 gallons (208 L) or an aggregate capacity of multiple containers exceeds 1,000 gallons (3785 L) for liquids or where the individual container capacity exceeds 550 pounds (250 kg) or an aggregate of multiple containers exceeds 10,000 pounds (4540 kg) for solids.

## **CHAPTER 56 EXPLOSIVES AND FIREWORKS**

Chapter 56 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### **5601 GENERAL**

5601.1.3 is amended as follows:

**5601.1.3 Fireworks.** The possession, manufacture, storage, sale, handling, and use of fireworks, including those fireworks classified as Safe and Sane by the California State Fire Marshal, are prohibited.

Exceptions deleted:

The use of fireworks for firework displays as allowed in Section 5608

## **CHAPTER 57 FLAMMABLE AND COMBUSTIBLE LIQUIDS**

Chapter 57 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

## 5704 STORAGE

5704.2.7.5.8 is amended as follows:

**5704.2.7.5.8 Overfill prevention.** An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfill of all Class I, II and IIIA liquid storage tanks. Storage tanks in refineries, bulk plants or terminals regulated by Sections 5706.4 or 5706.7 shall have overfill protection in accordance with API 2350.

An approved means or method in accordance with Section 5704.2.9.7.5 shall be provided to prevent the overfilling of Class IIIB liquid storage tanks connected to fuel-burning equipment inside buildings.

Exception deleted:

5704.2.7.5.9 is added as follows:

**5704.2.7.5.9 Automatic filling of tanks.** Systems that automatically fill flammable or combustible liquid tanks shall be equipped with overfill protection, approved by the fire code official, that sends an alarm signal to a constantly attended location and immediately stops the filling of the tank. The alarm signal and automatic shut off shall be tested on an annual basis and records of such testing shall be maintained on-site for a period of five (5) years.

5704.2.9.6.1 is amended as follows:

**5704.2.9.6.1 Locations where above-ground tanks are prohibited.** The storage of Class I and II liquids in above-ground tanks outside of buildings is prohibited in all locations of the Town of Los Gatos, which are residential or congested commercial areas as determined by the fire code official.

## 5706 SPECIAL OPERATIONS

5706.2.4.4 is amended as follows:

**5706.2.4.4 Locations where above-ground tanks are prohibited.** The storage of Class I and II liquids in above-ground tanks is prohibited in all locations of the Town of Los Gatos, which are residential or congested commercial areas as determined by the fire code official.

## 5707 ON-DEMAND MOBILE FUELING OPERATIONS

5707.3.3 is amended as follows:

**5707.3.3 Site plan.** A site plan shall be developed for each location at which mobile fueling occurs. The site plan shall be in sufficient detail to indicate: all buildings, structures, lot lines, property lines, and appurtenances on site and their use and function; all uses adjacent to the lot lines of the site; fueling locations, the locations of all storm drain openings, and adjacent waterways or wetlands; information regarding slope, natural drainage, curbing, impounding, and how a spill will be kept on the site property; and the scale of the site plan.

## **CHAPTER 58 FLAMMABLE GASES AND FLAMMABLE CRYOGENIC FLUIDS**

Chapter 58 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendment:

### **5806 FLAMMABLE CRYOGENIC FLUIDS**

5806.2 is amended as follows:

**5806.2 Limitations.** The storage of flammable cryogenic fluids in stationary containers outside of buildings is prohibited in all locations of the Town of Los Gatos, which are residential or congested commercial areas as determined by the fire code official.

### **5809 MOBILE GASEOUS FUELING OF HYDROGEN-FUELED VEHICLES**

5809.3.4 is amended as follows:

**5809.3.4 Site plan.** For other than emergency roadside service, a site plan shall be developed for each location at which mobile gaseous hydrogen fueling occurs. The site plan shall be in sufficient detail to indicate; all buildings, structures, lot lines, property lines and appurtenances on site and their use and function, and the scale of the site plan.

## **CHAPTER 60 HIGHLY TOXIC, TOXIC AND MODERATELY TOXIC MATERIALS**

Chapter 60 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### **6001 GENERAL**

6001.1 is amended as follows:

**6001.1 Scope.** The storage and use of highly toxic, toxic, and moderately toxic materials shall comply with this chapter. Compressed gases shall also comply with Chapter 53.

**Exceptions:**

1. Display and storage in Group M and storage in Group S occupancies complying with Section 5003.11.
2. Conditions involving pesticides or agricultural products as follows:
  - 2.1 Application and release of pesticide, agricultural products and materials intended for use in weed abatement, erosion control, soil amendment or similar applications when applied in accordance with the manufacturer's instruction and label directions.
  - 2.2 Transportation of pesticides in compliance with the Federal Hazardous Materials Transportation Act and regulations there under.
  - 2.3 Storage in dwellings or private garages of pesticides registered by the U.S. Environmental Protection Agency to be utilized in and around the home, garden, pool, spa and patio.

**6004 HIGHLY TOXIC, TOXIC AND MODERATELY TOXIC COMPRESSED GASES**

6004.1 is amended as follows:

**6004.1 General.** The storage and use of highly toxic, toxic, and moderately toxic compressed gases shall comply with this section.

6004.1.1 is amended as follows:

**6004.1.1 Special limitations for indoor storage and use by occupancy.** The indoor storage and use of highly toxic, toxic, and moderately toxic compressed gases in certain occupancies shall be subject to the limitations contained in Sections 6004.1.1.1 through 6004.1.1.3.

6004.1.1.1 is amended as follows:

**6004.1.1.1 Group A, E, I or U occupancies.** Highly toxic, toxic, and moderately toxic compressed gases shall not be stored or used within Group A, E, I or U occupancies.

**Exception:** Cylinders not exceeding 20 cubic feet (0.556m<sup>3</sup>) at normal temperature and pressure (NTP) are allowed within gas cabinets or fume hoods.

6004.1.1.2 is amended as follows:

**6004.1.1.2 Group R occupancies.** Highly toxic, toxic, and moderately toxic compressed gases shall not be stored or used in Group R occupancies.

6004.1.1.3 is amended as follows:

**6004.1.1.3 Offices, retail sales and classrooms.** Highly toxic, toxic, and moderately toxic compressed gases shall not be stored or used in offices, retail sales or classroom portions of Group B, F, M or S occupancies.

**Exception:** In classrooms of Group B occupancies, cylinders with a capacity not exceeding 20 cubic feet (0.566 m<sup>3</sup>) at NTP are allowed in gas cabinets or fume hoods.

6004.2 is amended as follows:

**6004.2 Indoor storage and use.** The indoor storage or use of highly toxic, toxic, or moderately toxic compressed gases shall be in accordance with Sections 6004.2.1 through 6004.2.1.4.

6004.2.1 is amended as follows:

**6004.2.1 Applicability.** The applicability of regulations governing the indoor storage and use of highly toxic, toxic, and moderately toxic compressed gases shall be as set forth in Sections 6004.2.1.1 through 6004.2.1.4.

6004.2.1.4 is amended as follows:

**6004.2.1.4 Quantities exceeding the minimum threshold quantities, but not exceeding the maximum allowable per control area.** The indoor storage or use of highly toxic, toxic and moderately toxic gases in amounts not exceeding the minimum threshold quantities per control area set forth in Table 6004.2.1.4, but not exceeding maximum allowable quantity per control area set forth in Table 5003.1.1(2) shall be in accordance with Sections 5001, 5003, 6001, and 6004.1, and 6004.4.

Table 6004.2.1.4 is added as follows:

<b>Minimum Threshold Quantities for Highly Toxic, Toxic and Moderately Toxic Gases for Indoor Storage and Use</b>	
Highly Toxic	20
Toxic	405 cubic feet
Moderately Toxic	405 cubic feet

6004.4 is added as follows:

**6004.4 General indoor requirements.** The general requirements applicable to the indoor storage and use of highly toxic, toxic, and moderately toxic compressed gases shall be in accordance with Sections 6004.4 through 6004.4.8.2.



6004.4.1 is added as follows:

**6004.4.1 Cylinder and tank location.** Cylinders shall be located within gas cabinets, exhausted enclosures, or gas rooms. Portable and stationary tanks shall be located within gas rooms or exhausted enclosures.

**Exceptions:**

1. Where a gas detection system is provided in accordance with 6004.4.8

6004.4.2 is added as follows:

**6004.4.2. Ventilated areas.** The room or area in which gas cabinets or exhausted enclosures are located shall be provided with exhaust ventilation. Gas cabinets or exhausted enclosures shall not be used as the sole means of exhaust for any room or area.

6004.4.3 is added as follows:

**6004.4.3. Piping and controls.** In addition to the requirements of Section 5003.2.2, piping and controls on stationary tanks, portable tanks, and cylinders shall comply with the following requirements:

1. Stationary tanks, portable tanks, and cylinders in use shall be provided with a means of excess flow control on all tank and cylinder inlet or outlet connections.

**Exceptions:**

1. Inlet connections designed to prevent backflow.
2. Pressure relief devices.

6004.4.4 is added as follows:

**6004.4.4 Gas rooms.** Gas rooms shall comply with Section 5003.8.4 and both of the following requirements:

1. The exhaust ventilation from gas rooms shall be directed to an exhaust system.
2. Gas rooms shall be equipped with an approved automatic sprinkler system. Alternative fire-extinguishing systems shall not be used.

6004.4.5 is added as follows:

**6004.4.5 Treatment systems.** The exhaust ventilation from gas cabinets, exhausted enclosures, and gas rooms, required in Section 6004.4.1 shall be directed to a treatment system. The treatment system shall be utilized to handle the accidental release of gas and to process

exhaust ventilation. The treatment system shall be designed in accordance with Sections 6004.2.2.7.1 through 6004.2.2.7.5 and Chapter 5 of the California Mechanical Code.

**Exceptions:**

1. Highly toxic, toxic, and moderately toxic gases - storage. A treatment system is not required for cylinders, containers, and tanks in storage where all of the following controls are provided:
  - 1.1 Valve outlets are equipped with gas-tight outlet plugs or caps.
  - 1.2 Hand wheel-operated valves have handles secured to prevent movement.
  - 1.3 Approved containment vessels or containment systems are provided in accordance with Section 6004.2.2.3.
2. Highly toxic, toxic, and moderately toxic gases —use. Treatment systems are not required for highly toxic, toxic, and moderately toxic gases supplied by stationary tanks, portable tanks, or cylinders where a gas detection system complying with Section 6004.4.8 and listed or approved automatic-closing fail-safe valves are provided. The gas detection system shall have a sensing interval not exceeding 5 minutes. Automatic-closing fail-safe valves shall be located immediately adjacent to cylinder valves and shall close when gas is detected at the permissible exposure limit (PEL) by a gas sensor monitoring the exhaust system at the point of discharge from the gas cabinet, exhausted enclosure, ventilated enclosure, or gas room.

6004.4.5.1 is added as follows:

**6004.4.5.1. Design.** Treatment systems shall be capable of diluting, absorbing, containing, neutralizing, burning, or otherwise processing the contents of the largest single vessel of compressed gas. Where a total containment system is used, the system shall be designed to handle the maximum anticipated pressure of release to the system when it reaches equilibrium.

6004.4.5.2 is added as follows:

**6004.4.5.2. Performance.** Treatment systems shall be designed to reduce the maximum allowable discharge concentrations of the gas to one-half immediate by dangerous to life and health (IDLH) at the point of discharge to the atmosphere. Where more than one gas is emitted to the treatment system, the treatment system shall be designed to handle the worst-case release based on the release rate, the quantity and the IDLH for all compressed gases stored or used.

6004.4.5.3 is added as follows:

**6004.4.5.3. Sizing.** Treatment systems shall be sized to process the maximum worst-case release of gas based on the maximum flow rate of release from the largest vessel utilized. The entire contents of the largest compressed gas vessel shall be considered.

6004.4.5.4 is added as follows:

**6004.4.5.4 Stationary tanks.** Stationary tanks shall be labeled with the maximum rate of release for the compressed gas contained based on valves or fittings that are inserted directly into the tank. Where multiple valves or fittings are provided, the maximum flow rate of release for valves or fittings with the highest flow rate shall be indicated. Where liquefied compressed gases are in contact with valves or fittings, the liquid flow rate shall be utilized for computation purposes. Flow rates indicated on the label shall be converted to cubic feet per minute (cfm/min) (m<sup>3</sup>/s) of gas at normal temperature and pressure (NTP).

6004.4.5.5 is added as follows:

**6004.4.5.5 Portable tanks and cylinders.** The maximum flow rate of release for portable tanks and cylinders shall be calculated based on the total release from the cylinder or tank within the time specified in Table 6004.2.2.7.5. Where portable tanks or cylinders are equipped with approved excess flow or reduced flow valves, the worst-case release shall be determined by the maximum achievable flow from the valve as determined by the valve manufacturer or compressed gas supplier. Reduced flow and excess flow valves shall be permanently marked by the valve manufacturer to indicate the maximum design flow rate. Such markings shall indicate the flow rate for air under normal temperature and pressure.

6004.4.6 is added as follows:

**6004.4.6. Emergency power.** Emergency power shall be provided for the following systems in accordance with Section 604:

1. Exhaust ventilation system.
2. Treatment system.
3. Gas detection system.
4. Smoke detection system.

6004.4.6.1 is added as follows:

**6004.4.6.1. Fail-safe systems.** Emergency power shall not be required for mechanical exhaust ventilation and treatment systems where approved fail-safe systems are installed and designed to stop gas flow.

6004.4.7 is added as follows:

**6004.4.7. Automatic fire detection system.** An approved automatic fire detection system shall be installed in rooms or areas where highly toxic, toxic, and moderately toxic compressed gases are stored or used. Activation of the detection system shall sound a local alarm. The fire detection system shall comply with Section 907.

6004.4.8 is added as follows:

**6004.4.8. Gas detection system.** A gas detection system complying with Section 916 shall be provided to detect the presence of gas at or below the PEL or ceiling limit of the gas for which detection is provided.

**Exceptions:**

1. A gas detection system is not required for toxic and moderately toxic gases when the physiological warning threshold level for the gas is at a level below the accepted PEL for the gas.
2. A gas detection system is not required for highly toxic, toxic, and moderately toxic gases where cylinders, portable tanks, and all non-continuously welded connects are within a gas cabinet or exhausted enclosures.

6004.4.8.1 is added as follows:

**6004.4.8.1. Alarms.** The gas detection system shall initiate a local alarm and transmit a signal to an approved location.

6004.4.8.2 is added as follows:

**6004.4.8.2. Shut off of gas supply.** The gas detection system shall automatically close the shut off valve at the source on gas supply piping and tubing related to the system being monitored for whichever gas is detected.

**Exception:** Automatic shutdown is not required for highly toxic, toxic, and moderately toxic compressed gas systems where all of the following controls are provided:

1. Constantly attended / supervised.
2. Provided with emergency shutoff valves that have ready access.

**CHAPTER 61  
LIQUEFIED PETROLEUM GASES**

Chapter 61 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

**6104 LOCATION OF LP-GAS CONTAINERS**

6104.2 is amended as follows:

**6104.2 Maximum capacity within established limits.** The storage of liquefied petroleum gas (LPG) is restricted in all locations within the Town of Los Gatos that are residential or congested commercial areas as determined by the fire code official.

**Exceptions:** LPG may be used for industrial operations or when natural gas would not provide a viable substitute for LPG. Portable containers for temporary heating and/or cooking uses may be permitted if stored and handled in accordance with this code. Facilities in commercial areas for refueling portable or mobile LPG containers may be approved by the fire code official on a case-by-case basis.

## **CHAPTER 64 PYROPHORIC MATERIALS**

Chapter 64 of the 2019 California Fire Code and 2018 International Fire Code is adopted with the following amendments:

### **6405 USE**

6405.3.1 is added as follows:

**6405.3.1 Silane distribution systems automatic shutdown.** Silane distribution systems shall automatically shut down at the source upon activation of the gas detection system at levels above the alarm level and/or failure of the ventilation system for the distribution system.

### **SECTION III**

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. This Town Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

### **SECTION IV**

Except as expressly modified in this Ordinance, all other sections set forth in the Los Gatos Town Code shall remain unchanged and shall be in full force and effect.

## SECTION V

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on December 3, 2019 and adopted by the following vote as an ordinance of the Town of Los Gatos at a meeting of the Town Council of the Town of Los Gatos on December 17, 2019 and becomes effective 30 days after it is adopted.

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).

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: 12/17/2019

ITEM NO: 6

ADDENDUM

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DATE: December 16, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: 2019 California Building, Fire, and Reach Codes  
Adopt an ordinance repealing and replacing Chapter 6, Building Regulations, and Chapter 9, Fire Prevention and Protection, of the Town of Los Gatos Municipal Code with the new 2019 California Building and Fire Codes, as amended, including reach codes. (Town Code Amendment Application A-19-009. Project Location: Town Wide.)

REMARKS:

Attachment 2 includes Public comments received between 11:01 a.m. Thursday, December 12, 2019 and 11:00 a.m. Monday, December 16, 2019.

Attachments previously received with the December 6, 2019 Staff Report:

1. Draft Ordinance Adopting new Building and Fire Codes

Attachments received with this Addendum:

2. Public comments received between 11:01 a.m., Thursday, December 12, 2019 and 11:00 a.m., Monday, December 16, 2019

PREPARED BY: Robert Gray  
Building Official

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

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## Robert Gray

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**Subject:** FW: REACH Discussion - please add to council packet  
**Attachments:** Marginal Emissions Rate from building Electrification.pdf

**From:** Robert Lipp <[ebob@2lipps.com](mailto:ebob@2lipps.com)>  
**Sent:** Thursday, December 12, 2019 1:58 PM  
**To:** Marico Sayoc <[MSayoc@losgatosca.gov](mailto:MSayoc@losgatosca.gov)>  
**Cc:** Council <[Council@losgatosca.gov](mailto:Council@losgatosca.gov)>; Town Manager <[Manager@losgatosca.gov](mailto:Manager@losgatosca.gov)>  
**Subject:** Re: REACH Discussion - please add to council packet

Ms Sayoc,

At the last council meeting I contended that we cannot both purchase clean energy and have it delivered to our homes. I also contended that full electrification will delay retiring inefficient gas fired plants.

You chastised me for these claims long after I had left the podium rather than engage me while I was up there.

Please review the attachment. It is a chart of the projected marginal green house gas (GHG) emissions generated by electrification in 2030. Marginal emissions are the only technically sound way to evaluate electrification. Note that electrification doubles GHG emissions compared to direct natural gas combustion for most of the day.

The report's unspoken agenda is clearly to create a narrative to support electrification, so these numbers are as low and optimistic as they could make it and still be creditable.

I hope this will help you better understand one of the nuances of your proposed REACH ordinances. If you have further concerns, I will be at the next council meeting and will be happy to discuss either formally or informally.

Thanks and Regards,

Robert Lipp

## Marginal GHG Emissions Rate from building Electrification.

**Note the marginal GHG emission rate of using electricity is typically twice that of combusting natural gas for most of the day.**

The marginal emission rate is the environmental cost of adding an additional MWh of electricity to the base load.

Using your electric stove at 6PM (19<sup>th</sup> hr) generates over twice the amount of CO<sub>2</sub> gas than burning natural gas. Multiplied by relative efficiencies (these numbers are in this report) there is little to no difference between gas and electricity.

The marginal emissions rate is reported in metric tons of CO<sub>2, eq</sub>/MWh. Figure 8-1 shows the average calculated emissions rate for each month and hour in 2030.

	Hour of Day																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Jan	0.33	0.33	0.34	0.33	0.34	0.36	0.39	0.37	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.35	0.33	0.36	0.38	0.37	0.36	0.35	0.34
Feb	0.34	0.34	0.34	0.34	0.34	0.37	0.40	0.30	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21	0.38	0.40	0.40	0.38	0.36	0.35	0.34
Mar	0.27	0.28	0.29	0.28	0.31	0.34	0.25	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.33	0.35	0.35	0.35	0.33	0.32	0.29
Apr	0.18	0.21	0.22	0.20	0.27	0.32	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.17	0.37	0.29	0.28	0.23	0.27	0.25
May	0.26	0.27	0.27	0.27	0.33	0.29	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.25	0.38	0.39	0.35	0.29	0.31	0.28
Jun	0.23	0.24	0.23	0.26	0.30	0.24	0.09	0.01	0.01	0.02	0.01	0.00	0.00	0.01	0.05	0.08	0.08	0.19	0.29	0.37	0.29	0.27	0.29	0.26
Jul	0.34	0.34	0.34	0.34	0.35	0.36	0.33	0.12	0.07	0.10	0.12	0.09	0.05	0.03	0.02	0.02	0.20	0.32	0.36	0.37	0.36	0.36	0.35	0.34
Aug	0.35	0.35	0.36	0.35	0.37	0.39	0.35	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.36	0.39	0.34	0.38	0.39	0.37	0.36	0.36
Sep	0.38	0.37	0.37	0.36	0.38	0.41	0.37	0.21	0.02	0.04	0.00	0.00	0.00	0.00	0.02	0.16	0.36	0.39	0.40	0.39	0.41	0.39	0.37	0.37
Oct	0.35	0.35	0.35	0.35	0.36	0.40	0.42	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.39	0.45	0.43	0.42	0.39	0.37	0.36	0.36
Nov	0.33	0.33	0.33	0.34	0.35	0.36	0.37	0.29	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.35	0.36	0.36	0.36	0.36	0.35	0.34	0.33
Dec	0.33	0.34	0.35	0.34	0.35	0.37	0.40	0.37	0.17	0.00	0.00	0.00	0.00	0.00	0.02	0.12	0.36	0.38	0.39	0.38	0.36	0.35	0.34	0.34

**Figure 8-1 Heat map of the assumed marginal emissions rate (metric tons of CO<sub>2, eq</sub>/MWh), averaged by month and hour in 2030.**

[https://www.ethree.com/wp-content/uploads/2019/04/E3\\_Residential\\_Building\\_Electrification\\_in\\_California\\_April\\_2019.pdf](https://www.ethree.com/wp-content/uploads/2019/04/E3_Residential_Building_Electrification_in_California_April_2019.pdf)

For reference, natural gas combustion generates 0.18 metric tons CO<sub>2,eq</sub>/MW.

The source material for this study is not available. From the discussion, the methodology and modeling is very suspect in favoring electrification (which is the whole object of the report) and therefore probably optimistic.

For example, one questionable assumptions is it assumes there is always a glut of solar energy in the middle of the day - even on hot summer days and dark cloudy wintry days.

## Robert Gray

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**Subject:** REACH Discussion - please add to council packet

**From:** Robert Lipp <[ebob@2lipps.com](mailto:ebob@2lipps.com)>

**Sent:** Thursday, December 12, 2019 2:47 PM

**To:** Council <[Council@losgatosca.gov](mailto:Council@losgatosca.gov)>; Town Manager <[Manager@losgatosca.gov](mailto:Manager@losgatosca.gov)>

**Subject:** REACH Discussion - please add to council packet

Dear council members,

I seem to have convinced no one with my arguments about the imperfections of REACH for full electrification. But I would still like to help by pointing out at least one serious technical weakness in the current proposal.

In Section 4.106.4.1, most of the original draft regulation by the State was deleted and replaced. A requirement for a raceway for the EV hookup was deleted and replaced by a requirement for a 40A connection. This is just wrong!

This low power 40A connection was standardized for backward compatibility with conventional 200A service drops. It is completely inadequate for the future. Without a raceway, it is difficult and expensive to upgrade. I cannot even begin to imagine why someone would think it was a good idea to lock in an obsolescent connector for a new service installation.

The requirement should have been to change the 1" raceway to a 1.5" raceway, not delete it. It is trivial to pull cable through such a raceway, upgrading it as desired.

I think your added requirement for two EV plugs will already require a larger service drop. This service drop should preferably be 200A 3-phase if available, 400A single phase if not.

Why these suggestions? Future EVs will certainly be outfitted with faster charging options. A 100A EV connection will charge a vehicle 2.5 times faster. A 60A 3-phase connection will charge a vehicle 4.5 times faster. This is not just a matter of convenience.

Firstly, the vehicle can be charged rapidly during times of solar power gluts at very low cost, thereby preventing wasting such excess power.

Secondly, in the next 10-20 years base generating plants, gas and nuclear, will be retiring. This will create a shortage of overnight power. Overnight charging will go from cheap to expensive, making quick charging during the day imperative. Overnight charging may even be banned if the mismatch grows too great.

Thirdly, I believe vehicles will evolve to become closely integrated with the grid, using their batteries for offline power storage. This will only be successful if the batteries can be charged and discharged rapidly. Just think, your idle car sitting in the garage buying cheap energy and selling high, both making you money and performing a community service. They may be supplying that overnight base power.

Lastly, 3-phase power is slightly more efficient than single phase, making heat pumps both cheaper and more efficient.

BTW - I am quite disturbed with the urgency to pass this new ordinance without a good technical vetting, rather than take the time to get it right. A much more serious technical review was needed rather than depend on the unvetted San Jose regulations. The council as much as admitted they are doing an inadequate job by pressing counsel on how easily it could be amended later.

Thanks and Regards,

Robert Lipp



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 7

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DATE: December 2, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Winchester Boulevard Complete Streets Improvements:  
a. Authorize the Town Manager to Negotiate and Execute an Agreement for Consultant Services with Kimley-Horn and Associates, Inc. in an Amount Not to Exceed \$250,000 for Engineering Design  
b. Authorize an Expenditure Budget Transfer of \$280,000 from the Bicycle and Pedestrian Improvement Project Budget (411-813-0231) to a New Project of Winchester Boulevard Complete Streets Improvements (411-813-0238)

**RECOMMENDATION:**

Winchester Boulevard Complete Streets Improvements:  
a. Authorize the Town Manager to negotiate and execute an Agreement for Consultant Services (Attachment 1) with Kimley-Horn and Associates, Inc. In an Amount Not to Exceed \$250,000 for engineering design.  
b. Authorize an Expenditure Budget Transfer of \$280,000 from the Bicycle and Pedestrian Improvement project budget (411-813-0231) to a new project of Winchester Boulevard Complete Streets Improvements (411-813-0238).

**BACKGROUND:**

Winchester Boulevard is a major arterial street parallel to Highway 17, which borders both the Town of Los Gatos and the City of Monte Sereno. The Los Gatos Bicycle and Pedestrian Master Plan (BPMP) identifies the construction of Class IV bike lanes along Winchester Boulevard as improvement projects.

At the October 1, 2019 Council meeting, the Town Council authorized issuing a Request for Proposals (RFP) for conceptual design of Winchester Boulevard Complete Streets Improvements and the submittal of a grant application for the Winchester Boulevard Class IV

**PREPARED BY:** Ying Smith  
Transportation and Mobility Manager

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

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BACKGROUND (continued):

Protected Bike Lanes Project between Blossom Hill Road and Albright Way to the Bay Area Air Quality Management District (Air District).

DISCUSSION:

The Town received responses to the RFP on November 5, 2019. A total of eight proposals were received from qualified consulting teams. Town staff interviewed the top three consultant teams and selected Kimley-Horn and Associates, Inc. as the most qualified firm to complete the project design.

On November 20, 2019, Air District staff issued a preliminary notification recommending an award of \$293,922 in Transportation Fund for Clean Air (TFCA) funding to the Winchester Boulevard Class IV Protected Bike Lanes Project. The recommendation is pending the Air District Board of Directors' approval in December. If the grant award is approved, Town staff will bring an item for the Council's consideration for grant acceptance in early 2020 and the TFCA funds will be applied to the construction phase.

The attached Agreement for Consultant Services, including the scope of services and associated cost proposal, has been negotiated with Kimley-Horn and Associates, Inc. The contract amount in the attachment is \$200,000, with the additional funds allowing for adjustment to the scope during design if needed, for a total recommended budget amount of \$250,000.

Except for the pending TFCA grant of \$293,922, the remaining funding for the construction of the project has not yet been identified; however, Town staff is planning to apply for Measure B funding for final design and construction of Complete Streets improvements between Blossom Hill Road and Albright Way. As the conceptual design moves forward, Town staff will recommend adding the final design of the Class IV Protected Bike Lanes project at an appropriate time. Complete Streets treatments will likely include enhanced bike lanes, pedestrian crossings, sidewalk improvements, pedestrian refuse islands, landscaped medians, intersection modifications, and stormwater retention. If the Town is successful in obtaining the Measure B or other grant funds, staff will return to the Council for necessary budget adjustments for the construction phase. Local match funds will likely be necessary to complete the funding plan.

This project was originally programmed and budgeted as part of the Capital Improvement Program project for bicycle and pedestrian improvements.

Staff is recommending setting up an independent project budget to allow for easier tracking and reporting and authorizing an expenditure budget transfer of \$280,000 to the newly created project account.

CONCLUSION:

Authorize the Town Manager to execute the Consultant Services Agreement for Winchester Boulevard Complete Streets Design and approving the necessary budget adjustment will allow the project to move forward into design.

COORDINATION:

This report was coordinated with the Town Attorney’s Office and the Finance Department.

FISCAL IMPACT:

The Winchester Boulevard Complete Streets Improvements project fits the purpose and description of the Bicycle and Pedestrian Improvements, Project #813-0218 in the Fiscal Year 2019/2020 Capital Improvement Program. Staff is recommending the transfer of \$280,000 from the Bicycle and Pedestrian Improvement Project to a new Winchester Boulevard Complete Streets Improvements project.

The total budget will include \$250,000 for the consultant services agreement and \$30,000 for staff costs in project management and bid service support.

Winchester Complete Streets Project 411-813 0238-NEW			Bicycle and Pedestrian Improvements Project 411-813-0231		
	Budget	Costs		Budget	Costs
Proposed Budget Transfer	\$280,000		Uncommitted funds	\$539,000	
<b>Total Budget</b>	<b>\$280,000</b>		Proposed Budget Transfer		\$280,000
Kimley-Horn Contract		\$250,000			
Staff Costs		\$30,000			
<b>Total Expenditures</b>		<b>\$280,000</b>			
<b>Remaining Balance</b>		<b>\$0</b>	<b>Remaining Balance</b>		<b>\$259,000</b>

The Parks and Public Works Department continues to plan for and track costs associated with capital improvement projects. Where projects can be delivered within the workload of staff already budgeted in the Department’s operating budget, no costs will be associated with the project. Where supplemental staffing is required, the costs will be attributed to the project. Staff anticipates additional assistance will be necessary with this project.

PAGE 4 OF 4

SUBJECT: Winchester Boulevard Complete Streets Design Agreement

DATE: December 2, 2019

ENVIRONMENTAL ASSESSMENT:

Actions approving the consultant services agreement and budget adjustment are not a project as defined under CEQA, and no further action is required. The construction of improvements is a project as defined under CEQA and is Categorical Exempt, Section 15064.3 (2). A Notice of Exemption was filed on September 5, 2019.

Attachment:

1. Agreement for Consultant Services – Winchester Boulevard Complete Streets Design



## **AGREEMENT FOR CONSULTANT SERVICES**

THIS AGREEMENT is made and entered into on December 17, 2019 by and between TOWN OF LOS GATOS, a California municipal corporation, (“Town”) and KIMLEY-HORN AND ASSOCIATES, INC., (“Consultant”), whose address is 100 W. San Fernando Street, Suite 250, San Jose, CA 95113. This Agreement is made with reference to the following facts.

### **I. RECITALS**

- 1.1 The Town desire to engage Consultant to provide engineering design services for the Winchester Boulevard Complete Streets Improvements between Blossom Hill Road and Knowles Drive in Los Gatos.
- 1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

### **II. AGREEMENTS**

- 2.1 Scope of Services. Consultant shall provide services as described in that certain Proposal sent to the Town on December 11, 2019, which is hereby incorporated by reference and attached as Exhibit A.
- 2.2 Term and Time of Performance. This contract will remain in effect from December 20, 2019 to December 31, 2021. Consultant shall perform the services described in this agreement as follows: engineering design services for the Winchester Boulevard Complete Streets Improvements between Blossom Hill Road and Knowles Drive.
- 2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.
- 2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

- 2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.
- 2.6 Compensation. Compensation for Consultant's professional services **shall not exceed \$200,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.
- 2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:

Town of Los Gatos

Attn: Accounts Payable

P.O. Box 655

Los Gatos, CA 95031-0655

- 2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.
- 2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

- 2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.
- 2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.
- 2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

### **III. INSURANCE AND INDEMNIFICATION**

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

amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

- ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than \$1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
- ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
- iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except

after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

- 3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.
- 3.4 Indemnification. The Consultant shall indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which to the extent arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant. In no event shall the cost to defend charged to the Consultant exceed the Consultant's proportionate percentage of fault.

#### **IV. GENERAL TERMS**

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.
- 4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.

- 4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.
- 4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos  
Attn: Town Clerk  
110 E. Main Street  
Los Gatos, CA 95030

Kimley-Horn and Associates, Inc.  
100 W. San Fernando Street, Suite 250  
San Jose, CA 95113

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

- 4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.
- 4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

Town of Los Gatos by:

Consultant, by:

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

\_\_\_\_\_

Recommended by:

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

\_\_\_\_\_  
Printed Name and Title

Approved as to Form:

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

Attest:

\_\_\_\_\_  
Shelley Neis, CMC, Town Clerk

# Winchester Boulevard Complete Streets Plan

## Scope of Services

### Task 1: Project Management

Kimley-Horn will participate in a kick-off meeting with the Town to finalize project procedures and expectations and refine the project schedule. Kimley-Horn will prepare the meeting agenda and distribute meeting minutes within one (1) week of the meeting. Kimley-Horn will attend up to two (2) additional project meetings at Town offices throughout the project to discuss project progress and findings. One meeting is assumed occur in each of Tasks 4 and 6 for workshops with the Town to discuss the conceptual designs.

Kimley-Horn will hold approximately bi-weekly conference calls with the Town project manager to coordinate on project progress, data collection needs, upcoming meetings, and deliverables. It is anticipated that the project will last up to 8 months, and the fee corresponds with up to 15 coordination calls. The Kimley-Horn team will maintain an online sharing document that will be used to document action items from coordination meetings, to track deliverable progress, and to document key decisions or needed input.

#### Task 1 Deliverables:

- *Project Schedule and updates (PDF Format)*
- *Meeting agendas and minutes (PDF Format)*
- *Monthly Status Reports and Invoices (PDF Format)*
- *Online sharing document (Electronic Format)*

### Task 2: Preliminary Evaluation

#### Task 2.1: Existing Conditions Documentation

Kimley-Horn will assemble and summarize information on existing conditions and opportunities and constraints along the study corridor. The study corridor is defined as Winchester Boulevard between Knowles Drive and Blossom Hill Road, including up to 100 feet on the streets that intersect Winchester Boulevard. Kimley-Horn will assemble the following data assuming to be readily available from the Town and other agencies:

- Collision data for a recent 5-year period (assumed to be pulled from SWITRS and supplemented by any additional collision history provided by the Town within that period)
- Roadway geometry and lane configurations
- Existing traffic signal timing sheets
- Historical traffic volumes (including auto, bicycle, and pedestrian)
- GIS shapefiles (if available: roadway network, sidewalks, parcel/ROW info, utilities)
- Existing transit service levels, ridership, and travel time from VTA (assumes access to the Swiftly platform)
- Aerial photograph and topography

Kimley-Horn will also perform field observations of the corridor during typical weekday AM and PM peak period conditions. We will collect roadway widths using aerial photography and public mapping, and review with field observations. Uncontrolled modal conflicts, congestion points, and undesirable activity (speeding, jaywalking, illegal parking, etc.) will be observed and noted.

No traffic analysis is assumed in this task. This task will be documented in a Draft Existing Conditions Memo. Upon receipt of one round of consolidated comments from the Town, Kimley-Horn will prepare and submit a Final Existing Conditions Memo.

#### Task 2.1 Deliverables:

- *Draft and Revised Existing Conditions Memo (PDF Format)*

#### Task 2.2 Topographic Survey

LCC Engineering and Surveying will be performing the topographic survey as a subconsultant to Kimley-Horn. They will perform



the following tasks:

#### Arterial Topographic Survey:

Collect topographic survey for the signing and striping improvements along Winchester Blvd. between Blossom Hill Road and Albright Way. The topographic survey will be collected from face-of-curb to face-of-curb and will not include any roadway surface features other than a crown line (if apparent) and raised medians. The survey will also not include any points within the sidewalk areas (e.g. back of curb, back of walk, etc.) adjacent to the roadway. The survey will include:

- Gutter Flowline at face of curb (including transitions/tapers and at beginning and end of curves, points of compound curvature, etc.), noting curb height & gutter width
- Roadway Crownline
- Raised medians (shots at pavement, noting curb height)

At intersections, the survey will capture the following points along the face of curb at all four corners:

- Beginning of curb return
- Mid Point of curb return
- End of curb return

Cross sections will be taken in 100-ft increments along curb (or shorter increments as appropriate per the existing alignment). GPS data may be utilized for this Task, understanding that elevations will be accurate within +/- 0.15 feet.

Utilities and striping features may not be collected.

#### Detailed Topographic Survey at Two Intersections:

Collect topographic survey at up to two intersections, to be selected by Kimley-Horn and the Town. The survey will include:

- Cross sections at 25-ft intervals
- Curb, gutter, and sidewalk, including curb ramps
- Driveways
- Landscape areas, vegetation, and trees
- Walls and Fences (height and type) within 5 feet of the back of sidewalk
- Signs, Poles, Lights, etc.
- Striping, pavement markings
- Above ground utilities (boxes, valves, irrigation facilities, street lights, manholes, etc.)
- Grade breaks
- Invert elevations of all accessible storm drain manholes, sanitary sewer manholes, and curb inlets within survey limits.

It is assumed that a Traffic Control Vehicle will not be required by the Town for field work; however, LCC will continuously use standard safety precautions (cones and "Survey Party" warning signs) for all work in and adjacent to the roadway.

Survey control shall tie into Town of Los Gatos listed survey monuments and Horizontal and Vertical System. Surveyor will provide a location and description of existing survey monument(s) used.

Electronic survey points to be delivered in AutoCAD Civil 3D release 2013 format with separate point file (.csv, .txt, .ASC, etc.). Electronic files shall include survey control information including basis of bearings.

Surfaces will be created with break lines to generate smooth contours and accurate triangulation.

This scope does not include: Setting of boundary corners; performing and preparing a Record of Survey or Corner Record; preparation of plat and/or legal descriptions; obtaining Title Reports; contracting with a subconsultant to locate existing underground utilities; construction staking or services; or Civil Engineering services. Services not included may be provided by request at our then-current rates.

#### Task 2.2 Deliverables:

- *Topographic Survey File w/ Surface (AutoCAD 2018)*

### Task 2.3 Utility Base Mapping

Kimley-Horn will obtain readily available utility facility maps from the Town and utility providers operating within the project area and create an existing utility base map to be used as a basis of design. Kimley-Horn will work with the Town to obtain appropriate contact information utility providers within the area and will send utility request letters as needed throughout the project site.

It is assumed the Town will provide available as-built records related to the project. Subsurface utility investigation is not included as part of this task.

Kimley-Horn will create a master base file of the survey and utilities. Two Kimley-Horn staff will field verify the base map and utility locations based on field conditions. Field notes and pictures will be taken to supplement design and document discrepancies.

#### *Task 2.3 Deliverables:*

- *Utility Base Map (AutoCAD 2018)*
- *Facility Maps obtained from Utility Providers available upon request*
- *Utility notification letters (and responses) available upon request*
- *Site photos and field notes available upon request*

### (OPTIONAL) – Right-of-way Surveys and Research

Within the Detailed Topographic Survey Area only, LCC will research County and Town record maps (subdivision, parcel maps, records of survey, corner records, and right-of-way maps) for information about the right-of-way (ROW) and property lines within the limits of survey. LCC will locate and tie in existing property corners and monuments found in the field, and we will determine the existing ROW and property lines from title, record map, and field information. If this effort is selected, this ROW data will then be incorporated into the project base map.

### **Task 3: Draft Conceptual Design Alternatives**

Utilizing the feedback received in the initial round of public outreach and the existing conditions analysis performed in Task 2, Kimley-Horn will develop conceptual design alternatives. The study corridor may be broken into two segments: (1) Knowles Drive to Albright Way and (2) Albright Way to Blossom Hill Road. The improvements in each alternative may include signing and striping changes, geometric changes, different types of vertical separation for the Class IV bike lanes, changes in intersection control, closure of sidewalk gaps, enhancing existing pedestrian facilities, stormwater treatment elements, and landscaping treatment elements.

Kimley-Horn will first develop the improvements as annotated Adobe Illustrator graphics supported by illustrative cross-sections to receive one round of input from the Town on the proposed alternatives. Up to three (3) alternatives will be developed for each segment.

Based on discussions with Town staff, up to two (2) alternatives will be selected for each segment for which Kimley-Horn will develop CAD layouts on scaled colored aerial photographs. The concepts will be configured in accordance with Town and Caltrans roadway design standards, as well as other industry best practices. The concepts will be developed to an approximately ten percent level of design, which will consist strictly of a plan view on an aerial.

Through the development of concepts, Kimley-Horn may identify locations where changes to lane geometry and signal operations may be particularly beneficial to providing the desired project outcome. For those locations, Kimley-Horn will perform traffic operations analyses to determine the effects of the desired modification on auto, bicycle, and pedestrian movements. It is anticipated that some new traffic data collection may be necessary to properly assess the effects on these locations. For the purposes of this scope, the following data collection is assumed:

- Weekday AM (7 – 9 AM) and afternoon/PM (2 – 6 PM) peak period traffic, bicycle, and pedestrian turning movement counts at up to five (5) study intersections
- Weekend (8 AM – 2 PM) peak period bicycle volume counts at up to two (2) study intersections or segments

- Three-day average daily traffic (ADT) counts at up to two (2) locations

Traffic analysis at up to five study intersection will be performed using Synchro software (version 10). The traffic analysis may be performed on both the existing condition and for up to two (2) build alternatives for the AM and afternoon/PM peak periods. No future volumes scenario is assumed.

The concepts will be provided to the Town for review and comment. Kimley-Horn will address one round of consolidated comments from the Town.

Following revision of the concepts based on Town comments, Kimley-Horn will prepare extruded cross-sections, photo-simulations, and/or 3D renderings of each of the concepts. Up to two (2) total images are assumed for each of up to two (2) build alternatives.

*Task 3 Deliverables:*

- *Illustrator-based Improvement Concepts, up to three (3) alternatives (PDF Format)*
- *Draft and Revised Conceptual Improvement Plans, up to two (2) alternatives (PDF Format)*
- *Up to two (2) visualizations, for each of up to two (2) alternatives (JPEG Format or Similar)*

#### Task 4: Public Outreach Round #1

Kimley-Horn will support Town staff for Public Outreach Round #1. Up to 55 hours of effort are included for support to the Town in Public Outreach Round #1. This may include a project factsheet, meeting boards, and meeting attendance, to be agreed upon by the Town and Kimley-Horn.

Public Outreach Round #1 is anticipated to include feedback on the conceptual alternatives.

#### Task 5: Refinement of Preferred Conceptual Design Concept & Opinion of Probable Construction Cost (OPCC)

Utilizing feedback from Public Outreach Round #1 and input from Town staff, a preferred alternative will be derived from the two alternatives developed in Task 3. It is assumed that the preferred alternative will represent refinement of one of the alternatives developed in Task 3 and does not represent an entirely new concept.

Kimley-Horn will address one (1) round of non-conflicting comments from the Town on the preferred alternative.

Following revision of the preferred concept based on Town comments, Kimley-Horn will update the visualizations created in Task 3 to reflect the preferred concept.

Kimley-Horn will prepare a conceptual opinion of probable construction cost (OPCC) and identify significant implementation steps and phasing for the proposed concept. This information will be summarized in the Complete Streets Plan in Task 7.

*Task 6 Deliverables:*

- *Draft and Revised Refined Conceptual Improvement Concept (PDF Format)*
- *Up to two (2) visualizations for the refined conceptual improvement concept (JPEG Format or Similar)*

#### Task 6: Public Outreach Round #2

Kimley-Horn will support Town staff for Public Outreach Round #2. Up to 55 hours of effort are included for support to the Town in Outreach Round #2. This may include a project factsheet, meeting boards, and meeting attendance, to be agreed upon by the Town and Kimley-Horn.

Public Outreach Round #2 is anticipated to include feedback on the preferred alternative and phasing of the near-term project.

### Task 7: Complete Streets Plan

The efforts performed as part of Tasks 1 through 6 will be summarized in a Winchester Complete Streets Plan. It is assumed that the report content will consist of existing conditions, summary of public outreach and engagement, the preferred conceptual improvement concept, associated planning level costs, and implementation strategy. Additional project material may be included in appendices. A Draft Complete Streets Plan will be submitted to the Town for one round of review and comment. Kimley-Horn will address one (1) of consolidated comments from the Town and provide a Final Complete Streets Plan.

#### *Task 7 Deliverables:*

- *Draft and Revised Complete Streets Plan (PDF Format)*

### Task 8: Public Outreach Round #3

Kimley-Horn will support Town staff for Public Outreach Round #3. Up to 40 hours of effort are included for support to the Town in Outreach Round #3. This may include a project factsheet, meeting boards, and meeting attendance, to be agreed upon by the Town and Kimley-Horn.

Public Outreach Round #3 is anticipated to include distribution of the Plan.

## Optional Supplemental Tasks

### (OPTIONAL) Task 9: Supplemental Public Outreach

Upon written notice to proceed, Kimley-Horn will assist the Town with the preparation of outreach materials or attendance at outreach events beyond the scope above. As an optional task, we have identified \$8,551 in additional outreach support to lead or support the Town on additional outreach activities.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 8

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Issue Procurement Documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization)

**RECOMMENDATION:**

Authorize the Town Manager to issue procurement documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization).

**BACKGROUND:**

The Town's existing traffic signals currently operate in an aged system without centralized control. In 2016, the Town completed a Traffic Signal System Evaluation which included a detailed inventory of the existing traffic signal infrastructure network. Following the evaluation, the Town applied for and was awarded three grants from the Santa Clara Valley Transportation Authority (VTA) and the Metropolitan Transportation Commission (MTC). The Innovative Deployments to Enhance Arterials (IDEA) grant received from MTC is a federal program, thus the Town must comply with stringent federal project delivery requirements in project development and vendor and consultant procurement.

With a project cost of over \$2.9 million, including future fiscal year allocations, this is a large-scale project with both local and federal project elements. Town staff has benefited from the technical expertise of MTC staff and its consultant, who collectively have managed many similar projects throughout the Bay Area and California. Since the start of the project in August 2018, MTC and its consultant completed several draft technical reports: Systems Engineering Management Plan, Concept of Operations, and System Requirements. In early 2019 Town staff and W-Trans, project management consultant for the Town, conducted informal vendor interviews and finalized the documents.

**PREPARED BY:** YING SMITH  
Transportation and Mobility Manager

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

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SUBJECT: Authorize the Town Manager to Issue Procurement Documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization)

DATE: December 11, 2019

DISCUSSION:

Building on the foundation of the technical reports, the Town is ready to solicit vendors to provide and implement the various project elements. MTC staff and its consultant provided additional guidance on the procurement approach and assisted Town staff in deciding the best approach to procure the various project elements in a logical sequence. Table 1 summarizes the procurement approach and its steps. This approach is in compliance with the federal project delivery requirements, allows for competition among vendors, and provides a certain degree of flexibility for the Town in decision making. The procurement process would start with, a request for proposals for the Central System and the Adaptive Traffic Control System (Step 1). Steps 2 and 3 are contingent upon Step 1, while Step 4 is relatively independent from other steps and can be carried out in a later stage. Based on the preliminary estimates, the total cost of the entire procurement is approximately \$1.8 million. Additional costs for project development, inspection, and management will accrue separately.

Table 1 - Los Gatos Smart Signals Project Procurement Approach and Steps

Step	Scope & Project Element	Cost Estimate	Fund Source	Procurement
1	Central System Adaptive Traffic Control System	\$ 491,777	Local Federal	RFP 1
2	Signal Controller Upgrade	\$ 163,680	Local	Sole Source
3	Automated Traffic Signal Performance Measures Virtual Bike Detection	\$ 537,804	Federal	RFP 2
4	Design of field elements Construction of field elements	\$ 610,649	Federal	RFQ Bid
Total for Procurement		\$ 1,803,910		

Notes:

Cost estimates are preliminary.

RFP: Request for Proposals

RFQ: Request for Qualifications

Town staff is recommending that the Town Council grant the Town Manager the authority to issue the procurement documents for the entire process as illustrated in Table 1 to allow for timely execution of the individual project elements and actions. The first step, RFP 1, is scheduled to be released on December 20, 2019. Draft RFP 1 and future procurement documents will be posted on the Town’s website at: <https://www.losgatosca.gov/2258/RFPRFQ>. The Council would retain the authority to award each contract.

PAGE 3 OF 4

SUBJECT: Authorize the Town Manager to Issue Procurement Documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization)

DATE: December 11, 2019

CONCLUSION:

Because of the tight controls placed on the project through the federal procurement process and the need to actively move the project forward, staff recommends providing the Town Manager authority to issue the appropriate procurement documents for the Smart Signals Project.

ALTERNATIVES:

The Council could choose to modify the procurement process. Any modifications would require a fresh look of the entire process and additional coordination and consultation with MTC staff which could result in time delay in starting the procurement process and project implementation.

COORDINATION:

This report was coordinated with MTC staff and the Finance Department.

FISCAL IMPACT:

Project #813-0227 Traffic Signal Modernization in the Capital Improvement Program Budget (Fiscal Year 2019/20 – 2023/24) has sufficient funds for the contracts and staff costs. Staff will return to the Council for award of the vendor and consultant contracts that result from the individual procurement actions. The \$2.9M project identified above includes funds anticipated for FY 2020/21.

SUBJECT: Authorize the Town Manager to Issue Procurement Documents for the Los Gatos Smart Signals Project (Project #813-0227 Traffic Signal Modernization)

DATE: December 11, 2019

FISCAL IMPACT (continued):

<b>Traffic Signal Modernization Project 813-0227</b>			
	<b>Available</b>	<b>Expended/ Encumbered</b>	<b>Estimated</b>
	<b>Budget</b>	<b>To Date</b>	<b>Future</b>
	<b>FY 19/20</b>		<b>Contracts</b>
Traffic Mitigation	\$665,668	\$ 43,553	
Grants & Awards	\$1,785,019		
<b>Total</b>	<b>\$2,450,687</b>		
		<b>\$ 117,962</b>	
Central System Adaptive Traffic Control System			\$491,777
Signal Controller Upgrade			\$163,680
Automated Traffic Signal Performance Measures Virtual Bike Detection			\$537,804
Design of Field Elements & Construction of Field Elements			\$610,649
W- Trans Project Management			\$125,000
Staff Costs			\$234,508
<b>Total</b>			<b>\$2,163,418</b>
<b>TOTALS</b>	<b>\$ 2,450,687</b>	<b>\$ 117,962</b>	<b>\$2,163,418</b>

ENVIRONMENTAL ASSESSMENT:

The action granting procurement authority is not a project as defined under CEQA. The Traffic Signal Modernization (Smart Signals) project is a project as defined under the California Environmental Quality Act (CEQA) and is Categorically Exempt under Section 15301: Existing Facilities. A Notice of Exemption will be filed.





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 9

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**DATE:** December 4, 2019  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Adopt a resolution authorizing the continued use of Supplemental Local Law Enforcement Services Funds (SLESF) to provide funding for two full-time Police Officers assigned as motorcycle traffic officers.

**RECOMMENDATION:**

Adopt a resolution authorizing the continued use of Supplemental Local Law Enforcement Services Funds (SLESF) to provide funding for two full-time Police Officers assigned as motorcycle traffic officers.

**BACKGROUND:**

In 1996, California legislation (AB 3229) created the Citizens Options for Public Safety (COPS) program allocating \$100,000,000 to local governments yearly for front-line law enforcement. These funds are to be distributed through an established Supplemental Local Law Enforcement Services Fund (SLESF). The SLESF is maintained by the County of Santa Clara and payments are distributed to participating cities on a quarterly basis.

The funds cannot be used to supplant resources but instead must be used to supplement existing resources and can only be used for front-line law enforcement services. The Police Department's proposed use of these funds in the fiscal year 2019/20 is to continue to supplement funding for one of two motorcycle officer positions which has been done for the past several years.

**DISCUSSION:**

Pursuant to AB 3229 the City of Monte Sereno also receives a share of the state SLESF funds (\$100,000). The City of Monte Sereno is required by contractual agreement for law enforcement services to grant those funds to the Town of Los Gatos within 30 days of receipt

**PREPARED BY:** Heather St. John  
Senior Administrative Analyst

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

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PAGE 2 OF 2

SUBJECT: Adopt a resolution authorizing the continued use of Supplemental Local Law Enforcement Services Funds

DATE: December 4, 2019

DISCUSSION (continued):

of the monies from the State of California. The Los Gatos Police Department provides additional traffic enforcement within the city limits of Monte Sereno in exchange for its SLESF funds. A combined total of \$200,000 in SLESF (\$100,000 from each jurisdiction) would be used to supplement the salary, equipment, and training costs of approximately \$400,000 for both motorcycle Officers.

The Department's traffic motor units provide services to both jurisdictions through:

- Specialized traffic enforcement and accident investigation
- Consistency of effort between patrol personnel and traffic personnel
- Coordination of targeted traffic enforcement including the ability to quickly and flexibly respond to traffic concerns
- Rapid response to dangerous conditions or accidents
- Coordination of service addressing traffic impacts affecting both communities
- Personal connection between individual Officers and the individual communities the Department serves

These two motorcycle assignments are staffed by sworn personnel on a four-year rotational basis.

CONCLUSION:

Staff recommends the continued use of SLESF to supplement funding for two full-time motorcycle traffic officers.

FISCAL IMPACT:

With Council approval of the proposed resolution, the County will disburse \$25,000 to each jurisdiction in quarterly payments over the next fiscal year. The Town will receive a combined total of \$200,000 in SLESF funding to supplement costs associated with the motorcycle Officers. This revenue was budgeted within the FY 2019/20 operating budget.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Resolution authorizing use of SLESF

## RESOLUTION 20

### **RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AUTHORIZING THE CONTINUED EXPENDITURE OF FUNDS FROM THE SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND FOR TWO ADDITIONAL POLICE OFFICERS TO BE ASSIGNED AS MOTORCYCLE TRAFFIC OFFICERS**

**WHEREAS**, Government Code Section 30061(b)3 was amended with the Governor's approval of Assembly Bill 3229; and

**WHEREAS**, the Town of Los Gatos is entitled to receive approximately \$100,000 under the terms of the Supplemental Law Enforcement Services Fund if specified requirements are met as well as \$100,000 from the City of Monte Sereno under the terms of the fund; and

**WHEREAS**, the State funding cannot be used to supplant current Town costs for law enforcement and must be expended exclusively for front-line police services; and

**WHEREAS**, the Town Council has considered the written request separate and apart from the allocation of general funds for police services;

**NOW, THEREFORE, BE IT RESOLVED:** by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town of Los Gatos authorize the continued expenditure of funds from the Supplemental Law Enforcement Services Fund for two police officers to be assigned as motorcycle traffic officers.

**BE IT FURTHER RESOLVED,**

1. The Town Manager is directed to continue the Supplemental Law Enforcement Services Fund (SLESF) within the Town for receipt and disbursement of money received from the County Supplemental Law Enforcement Services Fund.

2. The Town Manager is directed to promptly remit to the General Fund all funding deposited in such SLESF fund for the additional funding of two Police Officer positions to be assigned as motorcycle traffic officers.

3. The Town Manager is directed to submit reports concerning the expenditure of SLESF funds to the Santa Clara County Supplemental Law Enforcement Oversight Committee

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 17th day of December 2019 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: 12/17/2019

ITEM NO: 10

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DATE: December 4, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Memorandum of Understanding (MOU) with the County of Santa Clara Office of the District Attorney Crime Laboratory for Major Case Work.

**RECOMMENDATION:**

Authorize the Town Manager to Execute a Memorandum of Understanding (MOU) with the County of Santa Clara Office of the District Attorney Crime Laboratory for Major Case Work.

**BACKGROUND:**

Historically the Town of Los Gatos and the County of Santa Clara have worked together to provide services related to the investigation and prosecution of criminal cases in the County of Santa Clara. The District Attorney's Crime Laboratory provides services related to these activities and from a prosecutorial viewpoint is the preferred resource within the County for evaluating and processing evidence.

Additionally, the Crime Laboratory provides services to all criminal justice agencies within the County of Santa Clara for consistency. Laboratory personnel evaluate and analyze evidence, interpret results, provide expert testimony in court related to the full spectrum of physical evidence recovered at crime scenes, and offer technical assistance and training to agencies.

**DISCUSSION:**

Currently a formal MOU is not in place, pursuant to Government Code § 51350 and both parties desire to define the Town's payments to the County of Santa Clara for Crime Laboratory services related to Major Case Work through establishment of an MOU.

**PREPARED BY:** Heather St. John  
Senior Administrative Analyst

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

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PAGE 2 OF 3

SUBJECT: Memorandum of Understanding with the County of Santa Clara Office of the  
District Attorney Crime Laboratory

DATE: December 4, 2019

DISCUSSION (continued):

Approval of the MOU formalizes the process which has been followed between the parties for many years.

Crime Laboratory Major Case Work covered in the MOU shall include and be defined as cases requiring review and analysis of any of the following:

- Audio Analysis
- Bloodstain Pattern Analysis
- DNA/Forensic Biology
- Computer Forensics (including Cell Phones)
- Impression Evidence
- Latent Print Processing
- Trace Evidence
- Video Analysis

CONCLUSION:

Approval of the Town Manager to execute a MOU with the County of Santa Clara Office of the District Attorney Crime Laboratory will allow continued services related to the analysis, investigation, and prosecution of criminal cases through 2029.

FISCAL IMPACT:

The Council approved FY 2019/20 Operating Budget which included the annual Crime Laboratory expense, in an amount not to exceed \$61,000. The estimated cost is based upon a five-year average percentage of cases submitted by each Santa Clara County agency. The average of five prior years is utilized in order to minimize the impact of any sudden spike in Major Case submittals, and the calculation is specific to each individual agency.

To allow for the Town to budget for the upcoming fiscal year, the Town is billed for a dollar amount calculated one year prior. Notwithstanding the above procedures, the increase of Town's costs in any given year as compared to the prior year shall not exceed 3%.

With Council approval, the Town will continue to utilize the Crime Laboratory services.

ENVIRONMENTAL ASSESSMENT:

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

PAGE 3 OF 3

SUBJECT: Memorandum of Understanding with the County of Santa Clara Office of the  
District Attorney Crime Laboratory

DATE: December 4, 2019

Attachment:

1. MOU with the Santa Clara County Office of the District Attorney Crime Laboratory

**MEMORANDUM OF UNDERSTANDING BETWEEN THE  
COUNTY OF SANTA CLARA AND THE CITY OF LOS GATOS FOR CRIME  
LABORATORY MAJOR CASE WORK**

This Memorandum of Understanding (MOU) is made and entered into by and between the CITY OF LOS GATOS (CITY), a municipal corporation, and the COUNTY OF SANTA CLARA (COUNTY), a political subdivision of the State of California (each a Party and collectively the Parties). CITY and COUNTY are agencies that work together to provide services related to the investigation and prosecution of criminal cases in Santa Clara County. The District Attorney's Crime Laboratory provides services related to this activity. The services related to major cases would otherwise need to be procured by CITY through other sources. As a result, and pursuant to Government Code § 51350, both parties desire to set forth this agreement defining CITY's payments to COUNTY for Crime Laboratory services related to Major Case Work, as defined below.

Term: This agreement shall commence on January 1, 2020 and expire on December 31, 2029.

Crime Laboratory Major Case Work shall include and be defined as cases requiring review and analysis of any of the following:

- Audio Analysis
- Bloodstain Pattern Analysis
- DNA/Forensic Biology
- Computer Forensics (including Cell Phones)
- Impression Evidence
- Latent Print Processing
- Trace Evidence
- Video Analysis

COUNTY and CITY both acknowledge that the Crime Laboratory calculates the costs of its Major Case services billed to CITY as follows:

Each calendar year, the total cost of working Major Cases is calculated. The cost includes Crime Laboratory personnel salaries and benefits, supplies, and other operating costs (including equipment and maintenance) associated with providing services to non-County law enforcement agencies. The calculated total amount does not include the cost of working Toxicology and Controlled Substances cases, or the cost of working Major Cases for County entities, like the Santa Clara County Sheriff's Office.

Also, each calendar year, statistics are generated on the total number of Major Case submissions to the Crime Laboratory, and these are broken down by each law enforcement agency. (Note: A Major Case submission is considered any agency case that is assigned a single laboratory "M" number, and as such different Major Cases may have widely different numbers of individual evidence items.) The number of Major Case submissions by each law enforcement agency is expressed as a percentage of the total number submitted by all city agencies, and excludes County entities, like the Santa Clara County Sheriff's Office.



This percentage is used to calculate the dollar amount to bill CITY based upon the total cost of working all non-County law enforcement agency Major Cases. As the parties have a mutual interest in the performance of services related to major cases, COUNTY agrees to recover approximately 55% of its costs (based on actual costs for the prior year) for these services. In order to minimize the impact of a sudden spike in Major Case submissions, the percentage used each year is an average of five prior years. In addition, so that CITY can budget for the upcoming fiscal year, CITY is billed for a dollar amount calculated one year prior.

As an example, in January 2020, CITY will receive a bill based upon the average number of Major Case submissions from 2014-2018 and calculated in January 2019. Each annual invoice will detail the dollar amount due, and the dollar amount to budget for in the next fiscal year.

Notwithstanding the above procedures, the increase of CITY's costs in any given year as compared to the prior year shall not exceed 3%.

#### **A. ENTIRE MOU**

This MOU and its Appendices (if any) constitutes the final, complete and exclusive statement of the terms of the agreement between the parties. It incorporates and supersedes all the agreements, covenants and understandings between the parties concerning the subject matter hereof, and all such agreements, covenants and understandings have been merged into this MOU. No prior or contemporaneous agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this MOU.

#### **B. AMENDMENTS**

This MOU may only be amended by a written instrument signed by the Parties.

#### **C. CONFLICTS OF INTEREST**

CITY shall comply, and require its subcontractors to comply, with all applicable (i) requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code section 1090 et. seq., the California Political Reform Act (California Government Code section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 et. seq.). Failure to do so constitutes a material breach of this MOU and is grounds for immediate termination of this MOU by COUNTY.

In accepting this MOU, CITY covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of this MOU.

CITY further covenants that, in the performance of this MOU, it will not employ any contractor or person having such an interest. CITY, including but not limited to CITY's employees and subcontractors, may be subject to the disclosure and disqualification provisions of the California Political Reform Act of 1974 (the "Act"), that (1) requires such persons to disclose economic

interests that may foreseeably be materially affected by the work performed under this MOU, and (2) prohibits such persons from making or participating in making decisions that will foreseeably financially affect such interests.

If the disclosure provisions of the Political Reform Act are applicable to any individual providing service under this MOU, CITY shall, upon execution of this MOU, provide COUNTY with the names, description of individual duties to be performed, and email addresses of all individuals, including but not limited to CITY's employees, agents and subcontractors, that could be substantively involved in "making a governmental decision" or "serving in a staff capacity and in that capacity participating in making governmental decisions or performing duties that would be performed by an individual in a designated position," (2 CCR 18701(a)(2)), as part of CITY's service to COUNTY under this MOU. CITY shall immediately notify COUNTY of the names and email addresses of any additional individuals later assigned to provide such service to COUNTY under this MOU in such a capacity. CITY shall immediately notify COUNTY of the names of individuals working in such a capacity who, during the course of the MOU, end their service to COUNTY.

If the disclosure provisions of the Political Reform Act are applicable to any individual providing service under this MOU, CITY shall ensure that all such individuals identified pursuant to this section understand that they are subject to the Act and shall conform to all requirements of the Act and other laws and regulations listed in subsection (A) including, as required, filing of Statements of Economic Interests within 30 days of commencing service pursuant to this MOU, annually by April 1, and within 30 days of their termination of service pursuant to this MOU.

#### **D. GOVERNING LAW, VENUE**

This MOU has been executed and delivered in, and shall be construed and enforced in accordance with, the laws of the State of California. Proper venue for legal action regarding this MOU shall be in the County of Santa Clara.

#### **E. ASSIGNMENT**

No assignment of this MOU or of the rights and obligations hereunder shall be valid without the prior written consent of the other Party.

#### **F. WAIVER**

No delay or failure to require performance of any provision of this MOU shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party shall be in writing and shall apply to the specific instance expressly stated.

#### **G. TERMINATION**

COUNTY may, by 60 day written notice to CITY, terminate all or part of this MOU at any time for the convenience of COUNTY. The notice shall specify the effective date and the scope of the termination. Upon receipt of the documents, COUNTY shall be compensated based on the completion of services provided.

**H. COUNTY NO-SMOKING POLICY**

Contractor and its employees, agents and subcontractors, shall comply with the County’s No-Smoking Policy, as set forth in the Board of Supervisors Policy Manual section 3.47 (as amended from time to time), which prohibits smoking: (1) at the Santa Clara Valley Medical Center Campus and all County-owned and operated health facilities, (2) within 30 feet surrounding County-owned buildings and leased buildings where the County is the sole occupant, and (3) in all County vehicles.

**I. CALIFORNIA PUBLIC RECORDS ACT**

COUNTY and CITY are public agencies subject to the disclosure requirements of the California Public Records Act (“CPRA”). In the event of a request received by one party for information or records received from the other party, the party that received the CPRA request will make best efforts to provide notice to the other party prior to disclosing the information or records. If the party that provided the information or records contends that any are exempt from the CPRA and wishes to prevent disclosure, it is required to obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara COUNTY before the party that received the CPRA request is required to respond to the CPRA request. If the party fails to obtain such remedy within the time the party that received the CPRA request is required to respond, the latter party may disclose the requested information.

**J. THIRD PARTY BENEFICIARIES**

This MOU does not, and is not intended to, confer any rights or remedies upon any person or entity other than the parties.

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**K. CONTRACT EXECUTION**

Unless otherwise prohibited by law or COUNTY policy, the Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by COUNTY.

IN WITNESS WHEREOF, COUNTY and CITY hereby agree to the terms of this MOU.

**COUNTY OF SANTA CLARA**

**CITY OF LOS GATOS**

\_\_\_\_\_  
S. JOSEPH SIMITIAN, President  
Board of Supervisors  
Date: \_\_\_\_\_

\_\_\_\_\_  
Laurel Prevetti (name)  
Town Manager (title)  
Date: \_\_\_\_\_

Signed and certified that a copy of this Document has been delivered by electronic Or other means to the President, Board of Supervisors

Approved as to Form:

ATTEST:

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

\_\_\_\_\_  
MEGAN DOYLE  
Clerk of the Board of Supervisors  
Date: \_\_\_\_\_

Attest:

APPROVED AS TO FORM AND LEGALITY:

\_\_\_\_\_  
Shelley Neis, CMC, Town Clerk

\_\_\_\_\_  
KAVITA NARAYAN  
Lead Deputy County Counsel  
Date: \_\_\_\_\_

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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 11

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DATE: December 5, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive Report on Senate Bill (SB) 1383 and impacts on the Town's Garbage and Recycling Program

**RECOMMENDATION:**

Receive Report on Senate Bill (SB) 1383 and impacts to the Town's Garbage and Recycling Program.

**BACKGROUND:**

SB 1383 refers to regulations specific to trash reduction in California with the goal of reducing methane emissions. For the Town, solid waste (trash) collections are managed by the West Valley Solid Waste Management Authority (Authority) where Councilmember Spector has represented the Town for 2019. This item will be discussed with the Authority in the course of that agency's regular business. Staff felt it appropriate to provide an update to the entire Town Council as the regulations prescribe actions that will likely require Town resources.

SB 1383 was signed by Governor Jerry Brown on September 16, 2016 with final regulations due to be finalized in January 2020. SB 1383 is the most significant waste reduction mandate to be adopted in California in the last 30 years, establishing targets to achieve a 50 percent reduction in the level of statewide disposal of organic waste from 2014 levels by 2020 and a 75 percent reduction by 2025. Additionally, the law grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20 percent of current disposed edible food is recovered for human consumption by 2025. The law focuses on both residential and commercial generators. The law comes with both performance targets and the potential for penalties levied against the jurisdiction for non-

**PREPARED BY:** Jim Harbin  
Superintendent

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

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BACKGROUND (continued):

compliance. Enforcement and penalties for non-compliance begin January 1, 2022 for jurisdictions.

DISCUSSION:

The Town of Los Gatos has been working closely with the Authority to stay informed on SB 1383 regulation updates and to begin to explore available options for program implementation. Identified options will be presented to the Authority Board over the course of the next six months.

The following is a summary of the main requirements of SB 1383 by category to be in place by January 1, 2022 and the Town's current state of compliance.

***Recycling and Organic Waste Collection Services (Partially Compliant)***

All residential and commercial organic waste generators must divert organics materials, including food waste, green waste, and paper from landfill disposal. While the authority currently offers a 3-container collection program (one container each for garbage, recycling, and green waste), the current program will need to be expanded to include food waste in residential organics collection. Additionally, containers will need to meet labeling and color requirements. This is significant as the compost from material with food scraps must meet different regulations than that which contains only yard waste.

***Ordinances (Non-Compliant)***

Jurisdictions must adopt enforceable ordinances or similar mechanisms to achieve local compliance with SB 1383, including ordinances for recycling/organics, self-haul/back-haul, edible food recovery, hauler regulations, and enforcement. Currently, there are no ordinances in place that meet SB 1383 compliance. Model Ordinances will be released by CalRecycle in early 2020 for use by jurisdictions.

***Education and Outreach***

***Food Recovery (Non-Compliant)***

Jurisdictions will need to provide businesses that generate edible food waste with information regarding the jurisdiction's edible food recovery program, generator requirements, reduction of edible food, and food recovery organizations.

***Residential, Commercial, and Multi-Family Organics (Partially Compliant)***

Jurisdictions will need to provide information on properly separating materials, organic waste prevention, on-site recycling, methane reduction benefits, public health and environmental impacts, how to recycle organic waste, a list of approved haulers, and information related to food recovery. Currently West Valley Collection & Recycling

DISCUSSION (continued):

provides a quarterly newsletter to commercial or residential subscribers detailing recycling information.

*Self-Haul Organics (Non-Compliant)*

Large generators may choose to haul organics themselves or through separate contract to appropriate facilities. Self-haulers must be provided with information regarding their requirements to either source-separate organic waste or bring it to a high diversion organic waste processing facility and keep records of organics delivered unless they are a residential organics hauler. Education and outreach provided by organic waste generators will need to include information regarding self-haul requirements.

*Contamination Monitoring (Non-Compliant)*

Annual route reviews or composition studies will be added. The reviews/studies may be performed by the Authority, Town staff, or another designee (i.e. West Valley Collection & Recycling). Non-compliance results in enforcement action and penalties to generators. This will require staffing and residents will see inspectors looking into bins and potentially citing for non-compliance at the household level.

***Procurement of Materials***

*Organic Waste (Partially Compliant)*

Each jurisdiction must procure recovered organic waste products (i.e. compost or renewable transportation fuel) in quantities that comply with SB 1383 requirements. Procurement quantities shall be determined by the State every five years and are to be based on each jurisdiction's population. The total organic waste tons each Member Agency needs to procure is calculated by multiplying the Agency's population by the per capita procurement target as per the most recent draft regulations of 0.08. The target for the Town of Los Gatos is 2,479 tons. While procurement is currently taking place, expansion will need to happen to reach the Town's calculated target.

*Recycled-Content Paper (Compliant)*

Jurisdictions must procure recycled-content paper consistent with the Public Contract Code. Currently, 75% of the Town's paper product purchases contain at least 30% postconsumer recycled content in compliance with maintaining Green Business Certification.

***Edible Food Recovery (Non-Compliant)***

This section mandates that food is used where a business or other entity might currently dispose of it. Jurisdictional responsibility surrounding edible food recovery includes educating generators, increasing access, and enforcing Tier 1 generators (i.e. Supermarkets, Wholesale Food Vendors, Food Service Providers/Distributors, and



DISCUSSION (continued):

Grocery stores (<7,500 sq ft.) and Tier 2 generator's (i.e. Restaurants, Hotels, Event Venues, Education Facilities, and Health facilities based on occupancy) use of food recovery organizations. Tier 1 generators must be in compliance by January 1, 2022 and Tier 2 generators must be in compliance by January 1, 2024. If there is insufficient capacity for recovery, the jurisdiction shall be responsible for increasing capacity. The Town of Los Gatos will need to coordinate with the Public Health Department and the County of Santa Clara in establishing this program.

***Compliance Reporting***

*Implementation Record (Non-Compliant)*

Jurisdictions will report on their implementation and compliance with SB 1383 to CalRecycle. The Implementation Record will contain all actions taken for compliance with SB 1383 and shall be readily available upon request. This includes ordinances adopted, contamination records, education and outreach records, edible food recovery records, procurement records, enforcement records, etc.

*Initial Compliance Report (Non-Compliant)*

The initial Compliance Report details ordinances adopted, and reporting items identified in the Annual Report.

*Ongoing Reporting (Non-Compliant)*

An annual report will need to include all information regarding compliance with SB 1383 (enacted ordinances, organics collections, contamination monitoring, food recovery, volumes, diverted, overall compliance of generators, etc.). Like the current AB 939 reporting, the Authority staff will prepare the Annual Reports on behalf of each agency, including the Town of Los Gatos.

***Penalties***

*Jurisdiction Penalties*

Penalties for non-compliant jurisdictions depend on the severity of a violation. Violations are categorized as "minor," "moderate," or "major" and have associated fees ranging from \$500 to \$10,000 per violation per day.

*Generator Penalties*

Penalties for non-compliant generators and haulers range from \$50 to \$500 per offense.

CONCLUSION:

Adoption of SB 1383 brings a large workload to the Town and the Authority to achieve compliance. Over the next several months, the Authority will work through what elements can be managed under the contract of the managing consultant and what work will need to be undertaken by the Town. Changes in the program will take adjustment by residents as well, especially with the implementation of organics recycling and inspection of container contents. Additional capacity in commercial organics and recycling programs will be needed to comply with the requirements and ramping up capacity may take time to align with the new supply.

COORDINATION:

This report was prepared by the Parks and Public Works Department with information provided by the West Valley Solid Waste Management Authority as a participating West Valley community.

FISCAL IMPACT:

Fiscal impacts are yet to be determined; however, they will likely create significant rate increases over several years. Increased costs from the waste hauler and for administrative services are to be expected.

ENVIRONMENTAL ASSESSMENT:

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



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 12

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the Report on the Permanent Installation of Traffic Calming Devices for College Avenue Between Jones Road and Pageant Way

**RECOMMENDATION:**

Receive the report on the permanent installation of traffic calming devices for College Avenue between Jones Road and Pageant Way.

**BACKGROUND:**

Residents of College Avenue between Jones Road and Pageant Way submitted a petition in 2016 to be considered for a traffic calming project. Staff reviewed the petition, then collected speed and traffic count data and determined this street qualified for the traffic calming program because of vehicle speeds. This project request was placed on a waiting list while other traffic calming projects were being processed and/or completed.

Staff conducted neighborhood meetings on May 18, July 20, and December 6, 2017 and residents, including residents of other segments of College Avenue, College Terrace, Jones Road, Reservoir Road, Prospect Avenue, Oak Grove Avenue and Euclid Avenue were mailed notices of the meetings. Staff presented the data on the traffic speeds and the Los Gatos-Monte Sereno Police Department (LGMSPD) and Santa Clara County Fire Department (SCCFD) were present at each meeting to provide feedback on the impact of the traffic calming devices on the neighborhood's streets and to answer residents' questions and concerns. The attending neighborhood residents, including residents of College Terrace, Prospect Avenue, Oak Grove Avenue and Euclid Avenue, discussed their concerns regarding speeding, traffic enforcement, the behavior of bicyclists and pedestrians on College Avenue and other traffic issues in the neighborhood. Reducing vehicle speeds on College Avenue was deemed the highest priority of the residents in attendance.

**PREPARED BY:** Lisa Petersen  
Assistant Public Works Director/Town Engineer

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

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SUBJECT: Accept the Report on the Permanent Installation of Traffic Calming Devices for  
College Avenue Between Jones Road and Pageant Way

DATE: December 11, 2019

BACKGROUND (continued):

The neighborhood voted on and approved a proposed solution to install two speed humps along College Avenue between Jones Road and Pageant Way and a short double yellow centerline along the curve near 59 College Avenue. On April 3, 2018, the Town Council approved the temporary measures.

DISCUSSION:

Staff gathered traffic data to assess the effectiveness of these temporary traffic calming devices approximately seven months after the speed hump installation was complete. The posted speed limit in this neighborhood is 20 mph. The traffic data collected shows an improvement in slowing down vehicle speeds. The 85<sup>th</sup> percentile speed data shows a reduction in traffic speeds of 2 to 3 mph from 28 to 26 mph and from 26 to 23 mph. The data collected demonstrates that these temporary traffic calming devices have been effective in slowing down vehicles on College Avenue although the reduced 85<sup>th</sup> percentile speed near 105 College Avenue is still slightly over (one mph over) the desired threshold speed per Town's Traffic Calming Policy. These results are similar to how speed humps have reduced speeds on other residential streets in Los Gatos.

This fall, a neighborhood vote was conducted to see if residents supported changing the project status from temporary to permanent and 12 responses were received from 31 residents polled, a return rate of 39%. The outcome of the vote exceeded the required super majority support rate of the Town's Traffic Calming policy, with 83% approving of the proposal and 17% disapproving.

CONCLUSION:

Staff recommends the Town Council receive the report on the permanent installation of traffic calming devices for College Avenue between Jones Road and Pageant Way.

ALTERNATIVES:

Alternatively, the Town Council could direct staff to:

- A. Remove the improvements.
- B. Extend the evaluation period by a defined timeframe.

Staff does not recommend either of these alternatives as the response from the neighborhood demonstrates the desirability of the improvements.

PAGE 3 OF 3

SUBJECT: Accept the Report on the Permanent Installation of Traffic Calming Devices for  
College Avenue Between Jones Road and Pageant Way

DATE: December 11, 2019

COORDINATION:

This project has been coordinated with the College Avenue residents between Jones Road and Pageant Way as outlined in this memorandum and with the Los Gatos Monte Sereno Police Department and Santa Clara County Fire Department.

FISCAL IMPACT:

The improvements have been installed and there is no additional cost for this project.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt (Section 15301c). A Notice of Exemption will not be filed.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 13

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DATE: December 5, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement for Services with Air Systems, Inc. for Routine Heating, Ventilation, and Air Conditioning (HVAC) Services in Town Facilities in an Amount Not to Exceed \$29,183 for Year 1 and \$50,028 Annually Thereafter, Plus an Additional \$30,000 Annually for Unanticipated Repairs for a Total Agreement Amount Not to Exceed \$379,295

**RECOMMENDATION:**

Authorize the Town Manager to execute a five-year Agreement for Services with Air Systems, Inc. (Attachment 1) for routine heating, ventilation, and air conditioning (HVAC) services in Town facilities in an amount not to exceed \$29,183 for Year 1 and \$50,028 annually thereafter, plus an additional \$30,000 annually for unanticipated repairs for a total agreement amount not to exceed \$379,295.

**BACKGROUND:**

The Town of Los Gatos utilizes contractual heating, ventilating, and air conditioning infrastructure services for Town-owned facilities. Staff reviews these maintenance contracts regularly to ensure that the services provided are being performed satisfactorily, competitively priced, and continue to meet the Town's expectations and contract terms. Staff has determined that contractual HVAC services are the most effective service delivery method for this component of building maintenance due to the high level of responsiveness required, the specialized expertise needed, and the essential Town operations housed in facilities requiring HVAC.

**PREPARED BY:** Jim Harbin  
Superintendent

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Reviewed by: Town Manager, Assistant 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 Five-Year Agreement for Services with Air Systems, Inc. for Routine Heating, Ventilation, and Air Conditioning (HVAC) Services in Town Facilities in an Amount Not to Exceed \$29,183 for Year 1 and \$50,028 Annually Thereafter, Plus an Additional \$30,000 Annually for Unanticipated Repairs for a Total Agreement Amount Not to Exceed \$379,295

DATE: December 5, 2019

BACKGROUND (continued):

The approved budget for Fiscal Year 2019/20 includes funding for HVAC services at the Police Operations Building, Civic Center, Library, Parks and Public Works Service Center, Adult Recreation Center, and the Youth Recreation Center.

DISCUSSION:

In May of 2019, staff initiated a Request for Proposals (RFP) for contract HVAC services at six main municipal facilities, including emergency and after-hours response and repair. Firms were asked to provide their capability and qualifications across services and to provide line item costs per hour for additional services and repairs as needed, such as upgrades, modifications, and replacements due to failure.

The RFP was sent to five firms, two of which attended the mandatory walk-through meeting, Elite Heating and Air Conditioning and Air Systems, Inc. Both firms submitted cost proposals and the results are listed in Attachment 2.

Based on a review of the proposals and reference checks, staff originally determined that Elite Heating and Air Conditioning, Inc. was the best qualified and most cost competitive firm to provide the requested services. On June 18, 2019, Town Council authorized the Town Manager to execute an Agreement for Services with Elite Heating and Air Conditioning.

Elite Heating and Air Conditioning provided services for the Town beginning July 1, and on November 15, the owner informed staff that the company would no longer be able to provide services, as it was going out of business.

In order to provide continuity of services, staff is recommending executing an agreement with Air Systems, Inc. as the new HVAC service provider based on the results of the prior RFP for the services. Air Systems, Inc. was the former HVAC service provider for the Town from October 6, 2015 to June 30, 2019 and provided thorough and efficient maintenance and repairs during their tenure.

PAGE 3 OF 3

SUBJECT: Authorize the Town Manager to Execute a Five-Year Agreement for Services with Air Systems, Inc. for Routine Heating, Ventilation, and Air Conditioning (HVAC) Services in Town Facilities in an Amount Not to Exceed \$29,183 for Year 1 and \$50,028 Annually Thereafter, Plus an Additional \$30,000 Annually for Unanticipated Repairs for a Total Agreement Amount Not to Exceed \$379,295

DATE: December 5, 2019

CONCLUSION:

Authorize the Town Manager to execute a five-year Agreement for Services with Air Systems, Inc. for routine heating, ventilation, and air conditioning (HVAC) services in Town facilities in an amount not to exceed \$29,183 for Year 1 and \$50,028 annually thereafter, plus an additional \$30,000 annually for unanticipated repairs for a total agreement amount not to exceed \$379,295.

FISCAL IMPACT:

Funding for the first year of the agreement is included in the Adopted FY 2019/20 Parks and Public Works Facilities Maintenance Budget. Execution of any options to continue the service in subsequent years will be contingent upon staff evaluation of the quality of the services provided, as well as the Town Council's appropriation of funding through the budget process in subsequent fiscal years.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft Agreement for Services
2. Bid Proposal Results



## AGREEMENT FOR SERVICES

THIS AGREEMENT is dated for identification this 25<sup>th</sup> day of November 2019 and is made by and between TOWN OF LOS GATOS, a California municipal corporation, (“Town”) AIR SYSTEMS, INC. (“Service Provider”), whose address is 940 Remillard Court, San Jose, CA 95122. This Agreement is made with reference to the following facts. This contract will remain in effect from December 1, 2019 to June 30, 2024.

### I. RECITALS

- 1.1 Town sought proposals for the purchase described in this Agreement, and Service Provider was found to be the lowest responsible Service Provider for this purchase.
- 1.2 Service Provider represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 The Town desires to engage Service Provider to provide HVAC Preventative Maintenance and Repair Services.
- 1.4 Service Provider warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Service Provider acknowledges Town has relied upon these warranties to retain Service Provider.

### II. AGREEMENTS

- 2.1 Scope of Services. Service Provider shall provide services as described in that certain Proposal sent to the Town on May 22, 2019, which is hereby incorporated by reference and attached as Exhibit A.
- 2.2 Term and Time of Performance. The effective date of this Agreement shall begin on December 1, 2019 and will continue through June 30, 2024, subject to appropriation of funds, notwithstanding any other provision in this agreement.
- 2.3 Compliance with Laws. The Service Provider shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Service Provider represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Service Provider to practice its profession. Service Provider shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.
- 2.4 Sole Responsibility. Service Provider shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Information/Report Handling. All documents furnished to Service Provider by the Town and all reports and supportive data prepared by the Service Provider under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Service Provider's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Service Provider in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Service Provider shall not make any of these documents or information available to any individual or organization not employed by the Service Provider or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Service Provider pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Service Provider in connection with other projects shall be solely at Town's risk, unless Service Provider expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Service Provider which is and has been confirmed in writing by Service Provider to be a trade secret of Service Provider.

2.6 Compensation. Compensation for the supplies and materials delivered and for Service Provider's professional services is as follows:

- Routine heating, ventilation, and air conditioning (HVAC) services
  - Year 1 (December 2019 through June 30, 2020) **shall not exceed \$29,183**, inclusive of all costs.
  - Years 2-5 **shall not exceed \$50,028 annually**, inclusive of all costs.

(Total = \$229,295)

- Unanticipated maintenance and repairs
  - **shall not exceed \$30,000 annually.** Payment shall be based upon Town approval prior to each task being completed.

(Total = \$150,000)

For a total contract amount **not to exceed \$379,295.**

2.7 Billing. Billing shall be by invoice within thirty (30) days of the rendering of the services and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

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

- 2.8 Availability of Records. Service Provider shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Service Provider shall make these records available to authorized personnel of the Town at the Service Provider's offices during business hours upon written request of the Town.
- 2.9 Failure to Perform. It is mutually agreed by SERVICE PROVIDER and TOWN that in the event that performance of the work by SERVICE PROVIDER under this Agreement is not completed as scheduled, TOWN will suffer damages and will incur other costs and expenses of a nature and amount which is difficult or impractical to determine. The Parties agree that by way of ascertaining and fixing the amount of damages, costs and expenses, and not by way of penalty, SERVICE PROVIDER shall pay to TOWN the sum of one hundred dollars (\$100.00) per location per scheduled service in liquidated damages for every missed service in addition to reducing the monthly payment by the cost of that service. In the event that the liquidated damages are not paid, SERVICE PROVIDER agrees that TOWN may deduct the amount of unpaid damages from any money due or that may become due to SERVICE PROVIDER under this Agreement.
- 2.10 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Service Provider. No portion of these services shall be assigned or subcontracted without the written consent of the Town.
- 2.11 Independent Contractor. It is understood that the Service Provider, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Service Provider may perform some obligations under this Agreement by subcontracting but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Service Provider agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Service Provider shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Service Provider or is based on allegations of Service Provider's negligent performance or wrongdoing.
- 2.12 Conflict of Interest. Service Provider understands that its professional responsibilities are solely to the Town. The Service Provider has and shall not obtain any holding or interest

within the Town of Los Gatos. Service Provider has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Service Provider warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Service Provider shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Service Provider discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Service Provider shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

- 2.13 Equal Employment Opportunity. Service Provider warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Service Provider nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

### III. INSURANCE AND INDEMNIFICATION

#### 3.1 Minimum Scope of Insurance:

- i. Service Provider agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.
- ii. Service Provider agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. Service Provider shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Service Provider agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

General Liability:

- i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Service Provider; products and completed operations of Service Provider, premises owned or used by the Service Provider. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
- ii. The Service Provider's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Service Provider's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
- iv. The Service Provider's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

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

3.3 Workers' Compensation. In addition to these policies, Service Provider shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Service Provider shall ensure that all subcontractors employed by Service Provider provide the required Workers' Compensation insurance for their respective employees.

3.4 Indemnification. The Service Provider shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Service Provider, or any of the Service Provider's officers, employees, or agents or any sub-contractor.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Severability. If any term of this Agreement is held invalid by a court of competent jurisdiction, the remainder of this Agreement shall remain in effect.
- 4.3 Warranty. Service Provider shall remedy any defects due to faulty materials and/or workmanship and pay for any damages to other work and/or existing facilities resulting therefrom which shall appear within a period of one year from the date of recording of final acceptance.
- 4.4 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.5 Termination of Agreement. The Town and the Service Provider shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Service Provider shall deliver to the Town all plans, files, documents, reports, performed to date by the Service Provider. In the event of such termination, Town shall pay Service Provider an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.
- 4.6 Prevailing Wages. This project is subject to the requirements of Section 1720 et seq. of the California Labor Code requiring the payment of prevailing wages, the training of apprentices and compliance with other applicable requirements. Contractors and all subcontractors who perform work on the project are required to comply with these requirements. Prevailing wages apply to all projects over \$1,000 which are defined as a “public work” by the State of California. This includes: construction, demolition, repair, alteration, maintenance and the installation of photovoltaic systems under a Power Purchase Agreement when certain conditions are met under Labor Code Section 1720.6. This include service and warranty work on public buildings and structures.
- 4.6.1 The applicable California prevailing wage rate can be found at: [www.dir.ca.gov](http://www.dir.ca.gov) and are on file with the Town of Los Gatos Parks and Public Works Department, which shall be available to any interested party upon request. The contractor is also

required to have a copy of the applicable wage determination posted and/or available at each jobsite.

- 4.6.2 Specifically, contractors are reminded of the need for compliance with Labor Code Section 1774-1775 (the payment of prevailing wages and documentation of such), Section 1776 (the keeping and submission of accurate certified payrolls) and 1777.5 in the employment of apprentices on public works projects. Further, overtime must be paid for work in excess of 8 hours per day or 40 hours per week pursuant to Labor Code Section 1811-1813.
- 4.6.3 Special prevailing wage rates generally apply to work performed on weekends, holidays and for certain shift work. Depending on the location of the project and the amount of travel incurred by workers on the project, certain travel and subsistence payments may also be required. Contractors and subcontractors are on notice that information about such special rates, holidays, premium pay, shift work and travel and subsistence requirements can be found at [www.dir.ca.gov](http://www.dir.ca.gov).
- 4.6.4 Only bona fide apprentices actively enrolled in a California Division of Apprenticeship Standards approved program may be employed on the project as an apprentice and receive the applicable apprenticeship prevailing wage rates. Apprentices who are not properly supervised and employed in the appropriate ratio shall be paid the full journeyman wages for the classification of work performed.
- 4.6.5 The public entity for which work is being performed or the California Department of Industrial Relations may impose penalties upon contractors and subcontractors for failure to comply with prevailing wage requirements. These penalties are up to \$200 per day per worker for each wage violations identified; \$100 per day per worker for failure to provide the required paperwork and documentation requested within a 10-day window; and \$25 per day per worker for any overtime violation.
- 4.6.6 As a condition to receiving progress payments, final payment and payment of retention on any and all projects on which the payment of prevailing wages is required, the contractor agrees to present to the TOWN, along with its request for payment, all applicable and necessary certified payrolls (for itself and all applicable subcontractors) for the time period covering such payment request. The term "certified payroll" shall include all required documentation to comply with the mandates set forth in Labor Code Section 1720 et seq, as well as any additional documentation requested by the Agency or its designee including, but not limited to: certified payroll, fringe benefit statements and backup documentation such as monthly benefit statements, employee timecards, copies of wage statements and cancelled checks, proof of training contributions (CAC2 if applicable), and apprenticeship forms such as DAS-140 and DAS-142.

- 4.6.7 In addition to submitting the certified payrolls and related documentation to the TOWN, the contractor and all subcontractors shall be required to submit certified payroll and related documents electronically to the California Department of Industrial Relations. Failure to submit payrolls to the DIR when mandated by the project parameters shall also result in the withholding of progress, retention and final payment.
- 4.6.8 No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].
- 4.6.9 No contractor or subcontractor may be awarded a contract for public work on a public works project, unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. Contractors MUST be a registered “public works contractor” with the DIR AT THE TIME OF BID. Where the prime contract is less than \$15,000 for maintenance work or less than \$25,000 for construction alternation, demolition or repair work, registration is not required.
- 4.7 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Service Provider.
- 4.8 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.
- 4.9 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:
 

Town of Los Gatos	Air Systems, Inc.
Attn: Town Clerk	940 Remillard Court
110 E. Main Street	San Jose, CA 95122
Los Gatos, CA 95030	

OR personally delivered to Service Provider to such address or such other address as Service Provider designates in writing to Town.
- 4.10 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.
- 4.11 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Service Provider. No



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

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

Town of Los Gatos by:

Service Provider by:

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

\_\_\_\_\_  
Title

Recommended by:

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

Approved as to Form:

Attest:

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

\_\_\_\_\_  
Shelley Neis, CMC, Town Clerk

HVAC RFP Cost Summary 2019

Bid Item	Location	Basic Services Description	Air Systems, Inc.		
			Cost/Month	Times Per Year	Annual Cost
1	Civic Center	HVAC Maintenance	\$1,376	12	\$16,512
2	Adult Rec Center	HVAC Maintenance	\$853	12	\$10,236
3	Youth Rec Center	HVAC Maintenance	\$111	12	\$1,332
4	Library	HVAC Maintenance	\$1,122	12	\$13,464
5	Police Ops	HVAC Maintenance	\$378	12	\$4,536
6	Service Center	HVAC Maintenance	\$329	12	\$3,948
			\$4,169		\$50,028
Additional Services T & M			Cost		
7	Plumbing Service - Straight Time				n/a
8	Plumbing Service -Overtime				n/a
9	HVAC Service Calls - Straight Time				\$145/hr
10	HVAC Service Calls -- Overtime				\$217.5/hr
11	HVAC Service Calls - Holidays				\$290/hr
12	Service Truck Charge				\$50/call out
13	Material Mark Up				25%
14	Minimum Call Out Charge				\$195/call out

HVAC Cost Summary 2019

Bid Item	Location	Basic Services Description	Air Systems, Inc.			Elite Heating & Air Conditioning, Inc		
			Cost/Month	Times Per Year	Annual Cost	Cost/Month	Times Per Year	Annual Cost
1	Civic Center	HVAC Maintenance	\$1,376	12	\$16,512	\$1,028	12	\$12,336
2	Adult Rec Center	HVAC Maintenance	\$853	12	\$10,236	\$803	12	\$9,636
3	Youth Rec Center	HVAC Maintenance	\$111	12	\$1,332	\$129	12	\$1,542
4	Library	HVAC Maintenance	\$1,122	12	\$13,464	\$931	12	\$11,172
5	Police Ops	HVAC Maintenance	\$378	12	\$4,536	\$417	12	\$5,004
6	Service Center	HVAC Maintenance	\$329	12	\$3,948	\$289	12	\$3,468
					<b>\$50,028</b>			<b>\$43,158</b>
<b>Additional Services T &amp; M</b>			<b>Cost</b>			<b>Cost</b>		
7	Plumbing Service - Straight Time		n/a			n/a		
8	Plumbing Service -Overtime		n/a			n/a		
9	HVAC Service Calls - Straight Time		\$145/hr			\$128.50/hr		
10	HVAC Service Calls -- Overtime		\$217.5/hr			\$192.75/hr		
11	HVAC Service Calls - Holidays		\$290/hr			\$193		
12	Service Truck Charge		\$50/call out			\$50/call out		
13	Material Mark Up		25%			12%		
14	Minimum Call Out Charge		\$195/call out			\$257/call out		



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 14

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Negotiate and Execute a Five-Year Agreement for Services with Cartegraph, Inc. for Enterprise Asset Management System Services Effective January 1, 2020 Through December 31, 2024 in an Amount Not to Exceed \$37,283 Annually Plus a Three Percent Annual Escalation, and a Total Agreement Amount Not to Exceed \$197,803, With Three Five-Year Options Thereafter.

**RECOMMENDATION:**

Authorize the Town Manager to negotiate and execute a five-year Agreement (Attachment 1) for Services with Cartegraph, Inc. for Enterprise Asset Management System (EAMS) services effective January 1, 2020 through December 31, 2024 in an amount not to exceed \$37,283 annually plus a three percent annual escalation, and a total agreement amount not to exceed \$197,803 with three five-year options thereafter.

**BACKGROUND:**

The Town Council approved a similar recommendation on December 3, 2019 (Item 9); however, staff erroneously omitted sales tax for each year of the agreement. This increased the total agreement amount by \$16,540 over the 5-year span. This report duplicates the previous report with changes to the fiscal elements to include sales tax.

The Town of Los Gatos has been utilizing an Enterprise Asset Management System (EAM) by Cartegraph since 2004. The Cartegraph Asset Management Program allows for day-to-day management of work activities by effectively logging and tracking citizen requests, scheduling work orders, and tracking of assets and work history throughout the Town. The Parks and Public Works Department currently tracks facilities, parks, streets, sidewalks, signs, and fleet. The system is essential in managing the work of the department and identifying the needs of the Town's assets.

**PREPARED BY:** Bobby Gonzalez  
Senior Administrative Analyst

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

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PAGE 2 OF 2

SUBJECT: Authorize the Town Manager to Negotiate and Execute a Five-Year Agreement for Services with Cartegraph, Inc. for Enterprise Asset Management System Services Effective January 1, 2020 Through December 31, 2024 in an Amount Not to Exceed \$37,283 Annually, and a Total Agreement Amount Not to Exceed \$197,803, With Three Five-Year Options Thereafter

DATE: December 11, 2019

DISCUSSION:

This past fall, staff from Parks and Public Works issued a Request for Proposals (RFP) to firms who specialize in providing EAM systems. Staff received and reviewed seven proposals through the RFP process. Four companies were short listed and extended the opportunity to provide product demonstrations. After extensive review and discussions, Cartegraph, Inc. was chosen as the company that best meets the needs of the Town due to its experience, quality of product, and rankings by the evaluation panel.

Following the identification of Cartegraph as the best match for the Town's needs, staff entered negotiations, successfully obtaining more in person meetings with Cartegraph's Customer Success Team to ensure that staff receives training on quarterly product updates. In addition, the number of user licenses has increased from 12 to 25, which will allow multiple users for management, maintenance, and administration to be added to the system. Staff was also able to negotiate the cost down from the original proposal.

CONCLUSION:

Authorize the Town Manager to negotiate and execute a five-year Agreement for Services with Cartegraph, Inc. for Enterprise Asset Management System services, to be effective January 1, 2020 through December 31, 2024 in an amount not to exceed \$37,283 annually, and a total agreement amount not to exceed \$197,803, with three five-year options thereafter.

FISCAL IMPACT:

Funds of \$38,400 have been appropriated in the Adopted FY 2019/20 Parks and Public Works Operating Budget for the system. The proposed agreement includes a first-year cost of \$37,283 plus a 3% annual price escalation. A budget adjustment will be proposed in year 3 to cover the remainder of the agreement.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Revised Agreement for Services with Sales Tax with Exhibit A

## **AGREEMENT FOR SERVICES**

THIS AGREEMENT is dated for identification this 17<sup>th</sup> day of December 2019, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and CARTEGRAPH SYSTEMS LLC ("Service Provider"), whose address is 3600 Digital Drive, Dubuque, IA 52003. This Agreement is made with reference to the following facts.

### **I. RECITALS**

- 1.1 Town sought proposals for the services described in this Agreement, and Service Provider was found to be the lowest responsible supplier for this purchase.
- 1.2 Service Provider represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 Town desires to engage Service Provider to provide Enterprise Asset Management System (EAMS) services.
- 1.4 Service Provider warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Service Provider acknowledges Town has relied upon these warranties to retain Service Provider.

### **II. AGREEMENT**

- 2.1 Scope of Services. Service Provider shall provide services as described in that certain Proposal sent to the Town on November 18, 2019, which is hereby incorporated by reference and attached as Exhibit A.
- 2.2 Term and Time of Performance. The effective date of this Agreement shall begin on January 1, 2020 and will continue through December 31, 2024, subject to appropriation of funds, notwithstanding any other provision in this agreement.
- 2.3 Compliance with Laws. The Service Provider shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Service Provider represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Service Provider to practice its profession. Service Provider shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.
- 2.4 Sole Responsibility. Service Provider shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Information/Report Handling. All documents furnished to Service Provider by the Town and all reports and supportive data prepared by the Service Provider under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Service Provider in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Service Provider shall not make any of these documents or information available to any individual or organization not employed by the Service Provider or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Service Provider pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Service Provider in connection with other projects shall be solely at Town's risk, unless Service Provider expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Service Provider which is and has been confirmed in writing by Service Provider to be a trade secret of Service Provider.

2.6 Compensation. Compensation for services **shall not exceed:**

**\$37,282.88** – Year 1

**\$38,368.63** – Year 2

**\$39,519.70** – Year 3

**\$40,705.28** – Year 4

**\$41,926.45** – Year 5

For a total agreement amount **not to exceed \$197,802.94**, inclusive of all costs. Payment shall be based upon Town approval of each task.

2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:

Town of Los Gatos

Attn: Accounts Payable

P.O. Box 655

Los Gatos, CA 95031-0655

2.8 Availability of Records. Service Provider shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Service

Provider shall make these records available to authorized personnel of the Town at the Service Provider offices during business hours upon written request of the Town.

- 2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Service Provider. No portion of these services shall be assigned or subcontracted without the written consent of the Town.
- 2.10 Independent Contractor. It is understood that the Service Provider, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Service Provider may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Service Provider agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Service Provider shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Service Provider or is based on allegations of Service Provider's negligent performance or wrongdoing.
- 2.11 Conflict of Interest. Service Provider understands that its professional responsibilities are solely to the Town. The Service Provider has and shall not obtain any holding or interest within the Town of Los Gatos. Service Provider has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Service Provider warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Service Provider shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person Service Provider discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement Service Provider shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.
- 2.12 Equal Employment Opportunity. Service Provider warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Service Provider nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.



### III. INSURANCE AND INDEMNIFICATION

#### 3.1 Minimum Scope of Insurance:

- i. Service Provider agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.
- ii. Service Provider agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- iii. Service Provider shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Service Provider agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

#### General Liability:

- i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Service Provider; products and completed operations of Service Provider, premises owned or used by the Service Provider.
- ii. The Service Provider's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Service Provider's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
- iv. The Service Provider's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

- 3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has

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

- 3.3 Workers' Compensation. In addition to these policies, Service Provider shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Service Provider shall ensure that all subcontractors employed by Service Provider provide the required Workers' Compensation insurance for their respective employees.
- 3.4 Indemnification. The Service Provider shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Service Provider, or any of the Service Provider's officers, employees, or agents or any subcontractor.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.3 Termination of Agreement. The Town and the Service Provider shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Service Provider shall deliver to the Town all plans, files, documents, reports, performed to date by the Service Provider. In the event of such termination, Town shall pay Service Provider an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.
- 4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Service Provider.

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

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos  
Attn: Town Clerk  
110 E. Main Street  
Los Gatos, CA 95030

Cartegraph Systems LLC  
3600 Digital Drive  
Dubuque, IA 52003

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

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

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

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

Town of Los Gatos by:

Cartegraph Systems LLC, by:

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

\_\_\_\_\_

Recommended by:

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

\_\_\_\_\_  
Title

Approved as to Form:

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

Attest:

\_\_\_\_\_  
Shelley Neis, CMC, Town Clerk

Town Of Los Gatos

# Cartegraph Software and Services Contract

PA#:  
PA-2184

Date:  
11/18/2019

Cartegraph Systems LLC  
3600 Digital Drive  
Dubuque, IA 52003

[cartegraph.com](http://cartegraph.com)

800 688.2656  
563 556.8120  
Fax 563 556.8149

# Purchase Agreement

**Cartegraph** is pleased to present this Purchase Agreement for the implementation of world class technology solutions. This Purchase Agreement is made and entered into between **Town Of Los Gatos** (hereinafter referred to as **Customer**) and **Cartegraph Systems LLC** (hereinafter referred to as **Cartegraph**). In the case that any terms or conditions provided in the Cartegraph Solutions Agreement different from, are provided in more detail by, or are made irrelevant by the terms and conditions provided in this Purchase Agreement, the terms in this Purchase Agreement shall control. For all terms and conditions not addressed by this Purchase Agreement, the Cartegraph Solutions Agreement shall control.

## CUSTOMER ADDRESS:

Town Of Los Gatos  
41 Miles Avenue  
Los Gatos, CA  
95030

## LICENSEE ADDRESS:

Town Of Los Gatos  
41 Miles Avenue  
Los Gatos, CA  
95030

## Investment Summary

The addendums attached here to include:

- Addendum A - Support Services
- Addendum B - Field Services

Product		Year 1	Year 2	Year 3	Year 4	Year 5
OMS Plus	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 9,070.62	USD 9,342.75	USD 9,623.02	USD 9,911.71	USD 10,209.06
Internal Requests	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 247.07	USD 254.48	USD 262.11	USD 269.98	USD 278.07
Asset Condition Manager and Adv Inspections	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 494.14	USD 508.96	USD 524.24	USD 539.96	USD 556.16
Automation Manager	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 741.21	USD 763.44	USD 786.35	USD 809.94	USD 834.24
OMS User	Quantity	25.00	25.00	25.00	25.00	25.00
	Price	USD 11,000.00	USD 11,330.00	USD 11,669.90	USD 12,020.00	USD 12,380.60
Facilities	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 2,964.83	USD 3,053.78	USD 3,145.39	USD 3,239.75	USD 3,336.95
Parks & Recreation	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 1,235.35	USD 1,272.41	USD 1,310.58	USD 1,349.90	USD 1,390.39
Signal	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 1,482.42	USD 1,526.88	USD 1,572.69	USD 1,619.87	USD 1,668.47
Stormwater	Quantity	1.00	1.00	1.00	1.00	1.00

Product		Year 1	Year 2	Year 3	Year 4	Year 5
	Price	USD 2,964.83	USD 3,053.78	USD 3,145.39	USD 3,239.75	USD 3,336.95
Transportation	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 2,223.62	USD 2,290.34	USD 2,359.05	USD 2,429.82	USD 2,502.71
Walkability	Quantity	1.00	1.00	1.00	1.00	1.00
	Price	USD 741.21	USD 763.44	USD 786.35	USD 809.94	USD 834.24
Systems Integration Support	Quantity	0.00	1.00	1.00	1.00	1.00
	Price	USD 0.00	USD 1,000.00	USD 1,030.00	USD 1,060.90	USD 1,092.73
<b>TOTAL:</b>		USD 33,165.30	USD 35,160.26	USD 36,215.07	USD 37,301.52	USD 38,420.57

Product	Quantity	Price
Systems Integration Service	1.00	USD 1,000.00
<b>TOTAL:</b>		USD 1,000.00

**NOTES:**

- The pricing listed above does not include applicable sales tax.
- The Cartegraph OMS pricing listed above does not include Esri ArcGIS licenses.
- Hosting includes 250GB of available file storage. If additional storage is required, the Organization can purchase in 1TB increments.



## Payment Terms and Conditions

In consideration for the Solutions and Services provided by **Cartegraph** to **Customer**, **Customer** agrees to pay **Cartegraph** the Fees in U.S. Dollars as described below:

### I. DELIVERY

Customer shall be provided with the ability to access and use the Solutions upon execution of this Purchase Agreement. If applicable, Services will be scheduled and delivered upon your acceptance of this Purchase Agreement, which will be considered as your notification to proceed.

### II. SERVICES SCHEDULING

Customer agrees to work with Cartegraph to schedule Services in a timely manner. All undelivered Services shall expire 365 days from the signing of this Purchase Agreement.

### III. SOLUTIONS INVOICING

The fee for solutions will be due in annual installments 15 days prior to the anniversary of the initial term as follows:

1. \$34,165.30 due upon execution of the Purchase Agreement.
2. \$35,221.16 15 days prior to 1st year anniversary of term start date.
3. \$36,310.58 due 15 days prior to 2nd year anniversary of term start date.
4. \$37,434.68 due 15 days prior to 3rd year anniversary of term start date.
5. \$38,594.62 due 15 days prior to 4th year anniversary of term start date.

### IV. FIELD SERVICES INVOICING

Invoicing for the Field Services fee shall occur upon the acceptance of this Purchase Agreement and shall be invoiced as follows:

1. Invoicing for the Field Services fee shall occur upon the execution of the Purchase Agreement.

### VI. PAYMENT TERMS

All payments are due Net 30 days from start date of invoice.

BY SIGNING BELOW, THE PARTIES AGREE THAT ALL USE AND ACCESS TO THE SOLUTIONS DESCRIBED IN THIS PURCHASE AGREEMENT SHALL BE GOVERNED BY THE CARTEGRAPH SOLUTIONS AGREEMENT, WHICH CAN BE REVIEWED AT: <https://www.cartegraph.com/solutions-agreement/>. THE PARTIES AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THE CARTEGRAPH SOLUTIONS AGREEMENT AND THIS PURCHASE AGREEMENT REFERENCED HEREIN.

**CARTEGRAPH:**

**Cartegraph Systems LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Mitch Bradley  
(Type or Print Name)

Title: \_\_\_\_\_  
SVP of Sales & Marketing

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

**CUSTOMER:**

**Town Of Los Gatos**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Laurel Prevetti,  
(Type or Print Name)

Title: \_\_\_\_\_  
Town Manager

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

Recommended by:

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

Approved as to Form:

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

Attest:

\_\_\_\_\_  
Shelley Neis, CMC, Town Clerk

## **Cartegraph Systems LLC**

### ***Addendum A - Support Services***

#### **Cartegraph Support and Training Services – Scope of Work**

The Support Services listed in the Investment Summary of the Purchase Agreement are specific Cartegraph Services which will be delivered to the Customer based on the descriptions below and on the terms and conditions and subject to the limitations set forth in this Addendum A, the applicable Purchase Agreement, and the Cartegraph Solutions Agreement. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes.

*As part of Customer's subscription to access and use of the Cartegraph Solutions, Customer will receive:*

#### **1. Support Services**

##### ***a. Campus – [www.campus.cartegraph.com](http://www.campus.cartegraph.com)***

Our User Assistance area is a convenient and easily-shareable resource designed to help you and your co-workers better understand the functions and capabilities of your Cartegraph Solutions. Instantly access user tips, step-by-step instructions, videos, and more.

##### ***b. Dedicated, Unlimited, Toll-free Phone Support - 877.647.3050 and Live Chat***

When questions need answers and difficulties arise, count on our industry-leading Support team to provide the guidance and assistance you need. Reach us as often as you need Monday-Friday, 7:00 am-7:00 pm CT. Live Chat is available within the product or through Campus.

##### ***c. Support via Case Submittal or Email***

If a phone call or live chat is not your best option, you can always request support via our online case submittal form available in Campus or via email. Email support is available at [support@cartegraph.com](mailto:support@cartegraph.com).

#### **2. Training & Education Services**

##### ***a. Convenient Online Resources:***

All the information you need, one click away. Take advantage of online training opportunities, tutorial videos, upcoming event information, and more.

##### ***b. Customer Led User Groups***

: Meet and network with similar Cartegraph users in your region. Customer led User Groups allow you to find out what other organizations are doing to get more from their Cartegraph solutions and services.

#### **3. Releases & Upgrades**

##### ***a. New Releases:***

Cartegraph is continuously innovating and enhancing the Cartegraph OMS collection of products. As a customer with an active subscription, you will receive each new release of the software.

i. Cloud-hosted customers: Your cloud-hosted site will be upgraded by our Cartegraph System Consultants after the release is available.

ii.

On-premise customers: For your on-premises installation, our Technical Consultants will work with your organization's IT staff to deliver the latest software release. Software will be made available after installation to the Cartegraph cloud-hosted customers.

**b. Service Packs:**

A Service Pack consists of lower-severity bug fixes and/or small platform updates.

i.

If required, cloud-hosted sites will receive Service Packs as needed. These Service Packs are installed by the Cartegraph System Consultants.

ii. On-premises customers that contacted Cartegraph Technical Support about an issue that is resolved with the Service Pack, will be provided the service pack for installation. These on-premises customers can then schedule a time to install the Service Pack with our Technical Support team

**c. Hot Fixes:**

If an issue is determined to be a defect and falls outside the standard release cycle, Cartegraph will issue a hot fix and provide application specialists with detailed levels of product knowledge to work with you in achieving a timely and effective resolution

Cartegraph will provide the Support Services only to Customer, provided that Cartegraph reserves the right to contact any third party as necessary to facilitate the delivery of Support Services or other services relating to the Solutions. Said support applies only to the most current version of the product and the previous version in succession.

All Support Services are dependent upon the use by Customer of the Solutions in accordance with Cartegraph's documentation and specifications. Cartegraph is under no obligation to modify the Solutions so that the modified Solutions would depart from Cartegraph's published documentation and specifications for such Solutions.

Cartegraph Systems LLC

**Addendum B - Field Services**

(Fee for Service)

**Cartegraph Field Services – Scope of Work**

The Field Services listed in the Investment Summary of the Purchase Agreement are specific Cartegraph Services which will be delivered to the Customer based on the descriptions below and on the terms and conditions and subject to the limitations set forth in this Addendum B, the applicable Purchase Agreement, and the Cartegraph Solutions Agreement. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes.

Cartegraph - Scope of Work

The scope of work includes the following professional services:

- Cartegraph staff will provide a uni-directional (one-way) Integration Service between FuelMaster and Cartegraph. The integration includes:
  - A one-way integration of data from the source system to Cartegraph
  - Up to 12 fields in the same Cartegraph recordset (IE: Equipment table and Equipment's Fuel Log table)
  - A sync using a unique ID
    - If ID exists; information will be updated
    - If ID does not exist; Cartegraph will create a record or produce an error message
  - A customer-configurable runtime interval for the sync

*All data must be accessible to the Cartegraph service from a SQL DB, SQL View, or a Comma Delimited File*

Cartegraph will provide all services remotely via audio, video, and web conferences unless otherwise noted.

The following service items are not included in the scope of this project:

- Implementation of any custom modification or integration developed by Cartegraph, your internal staff, or any third-party is not included in the scope of this project unless specifically listed above.
- Data conversion services from other software system(s) or sources (including Cartegraph Navigator databases) are not included in the scope of this project unless specifically listed above.
- Any service items discussed during demonstrations, conference calls, or other events are not included in the scope of this project unless specifically listed above.

**Customer/Cartegraph Responsibilities**

Project representatives from Customer and Cartegraph accepts responsibility for all aspects of project planning, management, and execution not specifically identified as the responsibility of Cartegraph in the Agreement or in the Purchase Agreement. Ongoing management of the day-to-day allocation of Customer and Cartegraph resources and management of project tasks is the responsibility of the Customer and Cartegraph project representatives. Customer and Cartegraph project representatives will provide overall guidance and direction for the project and will direct the project accordingly. Further, and with regard to the Cartegraph obligations listed in this Purchase Agreement, Customer understands that it is vital to the success of the project that Customer provides assistance in the following matters:

**Not-to-Exceed Purchase Agreement**

Cartegraph will not exceed the total included in this Purchase Agreement without written approval from Customer. In the event it becomes apparent to Cartegraph that additional Service will be needed due to any changes in the scope of this Purchase Agreement, Cartegraph will notify Customer prior to exceeding the approved efforts and obtain written approval if additional Services are required.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 15

---

**DATE:** December 9, 2019  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Approve an Amendment to the Classification Plan to Comply with the California Minimum Wage Increase Effective January 1, 2020 and to Adjust the Police Officer Reserve and Police Officer Temporary Rate of Pay.

**RECOMMENDATION:**

Approve an amendment to the classification plan to comply with the California minimum wage increase effective January 1, 2020 and to adjust the Police Officer Reserve and Police Officer Temporary rate of pay.

**BACKGROUND:**

In 2016, the California Governor amended the State's minimum wage orders to increase the minimum wage rate one dollar each year beginning on January 1, 2017 and continuing through January 1, 2022 until reaching the minimum wage rate goal of \$15.00 per hour. The new minimum wage rate effective January 1, 2020 is \$13.00 per hour. The Town currently has several temporary/hourly classifications listed on the Salary Schedule for General/Miscellaneous (Misc) Temporary/Hourly Classifications (Attachment 1) that have minimum rates of pay below \$13.00 per hour.

In addition, the Salary Schedule for General/Misc Temporary/Hourly Classifications contains the Police Officer Reserve and Police Officer Temporary classifications, which in past practice has had a rate of pay that matched the top step of the Police Officers' Association (POA) represented Police Officer classification. This traditional alignment is for the purpose of attracting and retaining fully qualified Officers that are interested in working limited hours on a temporary basis at special Town events or performing background investigations. According to the Town's Municipal Code (Section 2.30.1015), Police Reserve Officers shall have the full powers and duties of a Peace Officer as provided by California Penal Code section 830.1.

**PREPARED BY:** Lisa Velasco  
Human Resources Director

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

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BACKGROUND (continued):

The Town of Los Gatos Personnel Rules and Regulations (Section 4.4) and the Municipal Code (Section 2.30.925) require that amendments and revisions to the classification plan are effective upon approval by Town Council. In most cases, changes are presented to Council for approval as part of the formal budget adoption or through the labor negotiations process.

DISCUSSION:

The Salary Schedule for General/Misc Temporary/Hourly Classifications contains three classifications that have a minimum Step 1 rate less than \$13.00 per hour: Clerical Aide Temp/Hourly, Facility Attendant Temp/Hourly, and Library Page Temp/Hourly. One employee is assigned to the Facility Attendant classification and eight employees are assigned to the Library Page classification. Currently, there are not any employees assigned to the Clerical Aide classification. To remain in compliance with the State's minimum wage order, staff recommends increasing the Step 1 rate for the three classifications to \$13.00 per hour and maintaining the five percent (5%) spread between steps one through six.

The POA represented classifications received a four percent (4%) across-the-board adjustment effective October 1, 2019, previously approved in the 2018-2021 POA Memorandum of Understanding. Staff recommends increasing the Police Officer Reserve and Police Officer Temporary classification rates by a similar four percent (4%) rate to maintain parity with the Police Officer Step 5 hourly rate.

CONCLUSION:

As a result of the State's hourly minimum wage increase to \$13.00 effective January 1, 2020, staff recommends an amendment to the temporary classification plan for those classifications that have a minimum rate of pay less than \$13.00. Staff also recommends that the classifications of Police Officer Reserve and Police Officer Temporary be aligned with the current hourly rate of the POA represented Police Officer to maintain parity between the classifications.

FISCAL IMPACT:

The annual fiscal impact is anticipated to be minimal (less than \$3,000) and will be absorbed in the FY 2019/20 operating budget.

ENVIRONMENTAL ASSESSMENT:

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



PAGE 3 OF 3

SUBJECT: Approve an Amendment to the Temporary Classification Plan

DATE: December 9, 2019

Attachment:

1. Salary Schedule for General/Misc Temporary/Hourly Classifications

**Town of Los Gatos**  
**Salary Schedule for General/Misc Temporary/Hourly Classifications**  
**Effective July 1, 2017**

Class Code	Classification Title	Range TE2	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
9305	Account Clerk Temp/Hourly	04	\$24.04	\$25.24	\$26.50	\$27.83	\$29.22	\$30.68
9310	Account Technician Temp/Hourly	10	\$28.89	\$30.33	\$31.85	\$33.44	\$35.11	\$36.87
9300	Accountant Temp/Hourly	17	\$34.89	\$36.63	\$38.46	\$40.38	\$42.40	\$44.52
9010	Admin Analyst Temp/Hourly	17	\$34.89	\$36.63	\$38.46	\$40.38	\$42.40	\$44.52
9100	Admin Specialist Temp/Hourly	10	\$28.89	\$30.33	\$31.85	\$33.44	\$35.11	\$36.87
9580	Administrative Assistant Temp/Hourly	05	\$26.27	\$27.58	\$28.96	\$30.41	\$31.93	\$33.53
9105	Administrative Secretary Temp/Hourly	09	\$27.59	\$28.97	\$30.42	\$31.94	\$33.54	\$35.22
9656	Assistant Engineer Temp/Hourly	23	\$39.53	\$41.51	\$43.59	\$45.77	\$48.06	\$50.46
9655	Associate Civil Engineer Temp/Hourly	24	\$45.52	\$47.80	\$50.19	\$52.70	\$55.34	\$58.11
9400	Associate Planner Temp/Hourly	22	\$39.38	\$41.35	\$43.42	\$45.59	\$47.87	\$50.26
9410	Building Inspector Temp/Hrly	23	\$39.53	\$41.51	\$43.59	\$45.77	\$48.06	\$50.46
9112	Clerical Aide Temp/Hourly*	01	\$13.00	\$13.65	\$14.33	\$15.05	\$15.80	\$16.59
9430	Code Compliance Officer Temp/Hourly	16	\$33.99	\$35.69	\$37.47	\$39.34	\$41.31	\$43.38
9530	Communication Dispatcher Temp/Hourly	19	\$36.61	\$38.44	\$40.36	\$42.38	\$44.50	\$46.73
9545	Crime Analyst Temp/Hourly	18	\$35.32	\$37.09	\$38.94	\$40.89	\$42.93	\$45.08
9540	CSO Intern Temp/Hourly	03	\$21.58	\$22.66	\$23.79	\$24.98	\$26.23	\$27.54
9532	CSO Temp/Hrly	12	\$30.94	\$32.49	\$34.11	\$35.82	\$37.61	\$39.49
9190	Deputy Clerk Temp/Hourly	04	\$24.04	\$25.24	\$26.50	\$27.83	\$29.22	\$30.68
9660	Engineering Technician Temp/Hourly	13	\$31.73	\$33.32	\$34.99	\$36.74	\$38.58	\$40.51
9720	Facility Attendant Temp/Hourly*	01	\$13.00	\$13.65	\$14.33	\$15.05	\$15.80	\$16.59
9109	Human Resources Technician Temp/Hourly	09	\$27.59	\$28.97	\$30.42	\$31.94	\$33.54	\$35.22
9041	Intern I Temp/Hourly	02	\$16.90	\$17.75	\$18.64	\$19.57	\$20.55	\$21.58
9040	Intern II Temp/Hourly	03	\$21.58	\$22.66	\$23.79	\$24.98	\$26.23	\$27.54
9200	IT Technician Temp/Hrly	14	\$31.79	\$33.38	\$35.05	\$36.80	\$38.64	\$40.57
9015	Legal Assistant Temp/Hrly	17	\$34.89	\$36.63	\$38.46	\$40.38	\$42.40	\$44.52
9810	Librarian Temp/Hourly	15	\$33.65	\$35.33	\$37.10	\$38.96	\$40.91	\$42.96
9820	Library Assistant Temp/Hourly	06	\$25.65	\$26.93	\$28.28	\$29.69	\$31.17	\$32.73
9840	Library Clerk Temp/Hourly	04	\$24.04	\$25.24	\$26.50	\$27.83	\$29.22	\$30.68
9850	Library Page Temp/Hourly*	01	\$13.00	\$13.65	\$14.33	\$15.05	\$15.80	\$16.59
9830	Library Teen Services Specialist	03	\$21.58	\$22.66	\$23.79	\$24.98	\$26.23	\$27.54
9900	Network Administrator	21	\$37.65	\$39.53	\$41.51	\$43.59	\$45.77	\$48.06
9180	Office Assistant Temp/Hourly	04	\$24.04	\$25.24	\$26.50	\$27.83	\$29.22	\$30.68
9645	Park Service Officer Aide Temp/Hourly	03	\$21.58	\$22.66	\$23.79	\$24.98	\$26.23	\$27.54
9640	Park Service Officer Temp/Hourly	12	\$30.94	\$32.49	\$34.11	\$35.82	\$37.61	\$39.49
9560	Parking Control Officer Temp/Hourly	04	\$24.04	\$25.24	\$26.50	\$27.83	\$29.22	\$30.68
9440	Permit Technician	11	\$29.77	\$31.26	\$32.82	\$34.46	\$36.18	\$37.99
9550	Police Records Specialist Temp/Hourly	08	\$26.91	\$28.26	\$29.67	\$31.15	\$32.71	\$34.35
9590	Police Officer Reserve (Top Step of Officer)*	25	\$61.95					
9520	Police Officer Temp/Hourly*	25	\$61.95					
9650	Public Works Inspector Temp/Hourly	20	\$37.37	\$39.24	\$41.20	\$43.26	\$45.42	\$47.69
9670	Senior Electrician Temp/Hourly	23	\$39.53	\$41.51	\$43.59	\$45.77	\$48.06	\$50.46
9831	Senior Library Page	02	\$16.90	\$17.75	\$18.64	\$19.57	\$20.55	\$21.58
9725	Special Event Attendant	07	\$16.14	\$16.95	\$17.80	\$18.69	\$19.62	\$20.60

*\*Pending Approval December 17, 2019*



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 16

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DATE: December 12, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with KCAT-TV to Add Live Streaming Services

**RECOMMENDATION:**

Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with KCAT-TV to Add Live Streaming Services.

**BACKGROUND:**

In 2006, the Town entered into an agreement with Granicus, Inc. to provide video live streaming of Town Council and Planning Commission meetings. In 2015, Granicus initiated a six-month pilot of their electronic agenda management program (PEAK). The subsequent full adoption of PEAK resulted in extending the contact for both Granicus live streaming and agenda management services until June 30, 2019.

In an ongoing effort to streamline processes and reduce costs, the Clerk Department and a user group tested demonstrations for seven different agenda management systems to compare them to the PEAK system in the areas of efficiency, cost, and ease of use. The user group unanimously chose to adopt the Municode meeting and agenda management system.

On July 1, 2019, the Town entered into a five-year agreement with Municode for meeting and agenda management services. The agreement did not include video live streaming service, which was planned to migrate to YouTube.

**PREPARED BY:** Holly Zappala  
Management Analyst

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

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PAGE 2 OF 3

SUBJECT: Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with KCAT-TV to Add Live Streaming and Monitoring Services

DATE: December 17, 2019

DISCUSSION:

Since 2003, KCAT has had an agreement with the Town to provide cablecasting of Town meetings, including the recording and broadcasting of Town Council and Planning Commission meetings. In May 2015, the Town entered into a five-year agreement with KCAT wherein KCAT cablecasts 28 Town Council meetings, 28 Planning Commission meetings, and four Committee meetings a year for a total of 60 meetings a year (see Attachment 1).

KCAT has the full capability and functionality to provide live streaming and monitoring services for the above-referenced meetings. Acting in good faith, KCAT created a branded Town of Los Gatos YouTube page during the Town's transition to Municode. KCAT also purchased the encoder and related equipment to allow continued live streaming of Town meetings, and paid a one-time charge for installation, labor, training and testing.

KCAT's additional services include streaming the live video to the Town of Los Gatos branded YouTube page during the meeting, on-call engineering services to support technical issues, YouTube channel organization and management, and providing an mpg4 file to Town staff the day after the meeting occurs. The fee for this additional ongoing service is \$700 per month, inclusive of any overtime or additional meetings.

CONCLUSION:

The Town has worked with KCAT for over 15 years as the sole source provider of cablecasting services for Town meetings. It would be an efficient and cost-effective option to amend the Town's current agreement with KCAT to add the live streaming services (see Attachment 2). For these reasons, staff recommends the Town Council approve the First Amendment to the Agreement for Services with KCAT.

COORDINATION:

This report has been prepared in coordination with the Town Manager's Office, Town Attorney, Finance Department, IT Department, and Clerk Department.

FISCAL IMPACT:

Funds are available in the IT Operating Budget.

ENVIRONMENTAL ASSESSMENT:

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

PAGE 3 OF 3

SUBJECT: Authorize the Town Manager to Execute a First Amendment to the Agreement for Services with KCAT-TV to Add Live Streaming and Monitoring Services

DATE: December 17, 2019

Attachments:

1. KCAT Service Agreement
2. Draft First Amendment to KCAT Service Agreement

CLERK DEPARTMENT  
AGR 15.180  
IIIH \_\_\_\_\_  
ORD \_\_\_\_\_  
REC \_\_\_\_\_  
RESO \_\_\_\_\_

**AGREEMENT FOR PUBLIC ACCESS FUNDING  
AND CABLECASTING SERVICES**

THIS AGREEMENT is entered into by and between the Town of Los Gatos, a California municipal corporation, (“TOWN”) and KCAT-TV, a non-profit public access television station (“KCAT”). This Agreement is made with reference to the following facts and agreements.

**ARTICLE 1: RECITALS**

- 1.1 KCAT is a non-profit public access television station that serves the community of Los Gatos and Monte Sereno. KCAT can be seen via Comcast on Channel 15 by 10,000 cable households in Los Gatos and Monte Sereno.
- 1.2 The Town has always supported public access television within its jurisdictional limits and seeks, in this Agreement to provide a more stable funding source to support public, educational, and governmental cablecasting.
- 1.3 This Agreement will serve as a contract with Town to pay for KCAT services rendered to cablecast meetings of the Town Council and Planning Commission.
- 1.4 The Parties to this Agreement replace and supersede all previous agreements between the parties related to public access television.

**ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF KCAT**

**2.1 KCAT Status**

KCAT shall be an independent contractor and not an agent or employee of the TOWN. KCAT shall be duly organized, validly existing and in good standing under the laws of the State of California and has the power to own its properties and to carry on its business as now owned and operated and as required by this Agreement.

**2.2 KCAT Authorization**

KCAT has the authority to enter into and perform its obligations under this Agreement. The Board of Directors and KCAT (or the shareholders, if necessary) have taken all actions required by law, its articles of incorporation, its bylaws or otherwise to authorize the execution of this Agreement. The persons signing this Agreement on behalf of KCAT have the authority to do so.

**2.3 Equal Employment Opportunity**

KCAT warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. KCAT shall not discriminate

against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

**2.4 Compliance With Laws and Regulations**

KCAT shall comply with all existing and future TOWN, county, state, and federal laws, including all Environmental Laws.

**2.5 Permits and Licenses**

KCAT shall procure and maintain in force and effect all necessary governmental permits and licenses and give all notices necessary to the due and lawful performance of the work contemplated herein. KCAT shall pay the currently approved amount for an annual business license to operate in the TOWN as delineated in the TOWN Master Fee Schedule, current edition.

**ARTICLE 3: TERM OF AGREEMENT**

**3.1 Term of Agreement**

The effective date of this Agreement shall be September 1, 2015. The term of this Agreement shall be for a period of five years, commencing on September 1, 2015, and expiring at midnight June 30, 2020. The TOWN shall at its sole discretion extend the term of this Agreement on a year- to- year basis depending upon the TOWN budget appropriations for these services. The terms and conditions of this Agreement, including compensation, shall be applicable during said extension unless the parties mutually agree upon any changes.

**ARTICLE 4: SCOPE OF AGREEMENT**

**4.1 Scope of Agreement**

The Agreement granted to KCAT shall be for the video production of 60 Regular TOWN Brown Act meetings that include the cablecast of up to twenty-eight (28) Town Council meetings per calendar year live, generally scheduled on the first and third Tuesday of each month from the Town Council Chambers as well as up to twenty-eight (28) Town Planning Commission meetings per calendar year, which generally fall on the 2nd and 4th Wednesday of each month and four (4) additional Committee or Board meetings per calendar year. The meetings may include special meetings, study sessions, and rescheduled or continued meetings. The TOWN Manager shall have the authority to designate a Special TOWN Brown Act meeting or any other Committee/Board meeting in place of a Regular TOWN Brown Act meeting.

**4.2 Administration of Agreement**

The TOWN Manager shall administer this Agreement and/or his/her designee, shall supervise KCAT compliance with the Agreement terms and conditions.

**4.3 Ownership of Video Recorded TOWN Brown Act Meetings**

All TOWN Brown Act meetings video recorded by KCAT pursuant to this Agreement shall be the property of TOWN.

**ARTICLE 5: DIRECT SERVICES**

**5.1 General**

The video production work to be done by KCAT pursuant to this Agreement shall include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services required, except as provided elsewhere in this Agreement. KCAT shall at all times during the term of this Agreement provide quality, efficient, technical and professional service to the reasonable satisfaction of Town and shall perform all work required under this Agreement.

**5.2 Video Production Schedules**

TOWN shall provide a list of all anticipated regular TOWN Brown Act meetings, including their dates, time and locations for each meeting. KCAT shall establish schedules for video production of meetings, including set up and take down, and shall notify TOWN of said schedules.

**5.3 Operations and Equipment**

KCAT shall be responsible for the management and operation of the video production services provided pursuant to this Agreement, including but not limited to training and meeting-to-meeting supervision of operations. KCAT will provide appropriate technical staff, temporary operators, and an in-chamber assistant trained in the specific aspects of meeting coverage and use of the audio and video systems. Technical staff, temporary operators, and in-chamber assistant will demonstrate proficiency with all relevant broadcasting equipment.

KCAT will arrange for two (2) alternates to act as temporary operators, if KCAT cannot provide agreed upon services due to illness, emergency, or other reasonable circumstances. The two (2) alternates shall be mutually agreed upon by KCAT and the TOWN. Alternates shall be both technically trained and competent to operate the TOWN's video production equipment. In KCAT's presence, alternates shall work a minimum of one (1) Council Meeting per year, not to exceed six (6) hours per year, per alternate, as training on the TOWN's video production equipment.



TOWN shall provide all equipment necessary at TOWN Council Chambers to record TOWN Brown Act meetings under this Agreement. KCAT will provide technical consultation for the repair, modification, and upgrade of the TOWN-owned video production equipment. KCAT shall provide all routine maintenance, repair, and replacement of all cablecasting equipment at the level necessary to permit the equipment to achieve its useful life. This maintenance does not include maintenance of the external cable link between Town Hall and KCAT. Said equipment shall be operated in a safe manner consistent with reasonable industry standards. KCAT will provide initial system checks, 60 (sixty) minutes prior to scheduled meetings to ensure that the video and sound production equipment is performing per specifications.

KCAT shall not use TOWN video broadcasting equipment for any other purpose other than this Agreement, unless written consent is given by the TOWN. Cablecasting and broadcasting equipment shall be operated at all times by the technical and temporary staff covered in this Agreement.

KCAT will provide gavel to gavel meeting coverage and is responsible for securing the video production equipment room after cablecasting, tape duplication, or other activities.

## **ARTICLE 6: OTHER SERVICES**

### **6.1 Play Back**

KCAT will air previously recorded meetings covered by this agreement on its Community Access Channel (Channel 15/ KCAT) based on its program/schedule availability.

### **6.2 Special Events**

KCAT will work cooperatively with TOWN staff regarding the live cablecast of any additional special events at mutually agreed upon price, date, and time.

### **6.3 Liaison With TOWN**

KCAT shall maintain on-going liaison with TOWN regarding all video production and insertion point activities, and any matters relating to the performance of this Agreement, including complaints.

### **6.4 Records**

KCAT shall maintain a general ledger and detailed books of account showing the receipt and expenditure of all funds received from TOWN for not less than five (5) years following completion of the work, the receipt of funds and the expenditure of funds under this Agreement. KCAT shall make these records available to authorized personnel of the TOWN at KCAT's offices during business hours upon written request of the TOWN.

If an audit conducted by the TOWN demonstrates inappropriate expenditures of public funds by KCAT, including PEG funds, KCAT shall reimburse said expenditures and restore the funding as may be required. If any audit by TOWN discloses a discrepancy in allowed expenditures of more than five percent (5%) in any one year, KCAT shall reimburse TOWN for the cost of the audit, including any staff time contributed to the securing or management of the audit and/or the required follow-up actions.

KCAT shall maintain detailed records and books of account showing the receipt of and expenditure of all PEG Funding and Grant Funding received from TOWN. KCAT acknowledges that PEG funding is strictly limited to certain expenditures for capital costs, equipment, and facilities.

On or before March 1st of each year, beginning with March 1, 2016, KCAT shall submit a written report and analysis of all funds received from TOWN in the prior calendar year and a listing of expenditures made with said funds or from the accumulation or interest/investment earnings on said funds. The report shall be submitted to the TOWN Manager.

#### **6.5 Adjustments to Level of Video Production Services**

The TOWN has the right to request additional video production services. Compensation for any additional video production service shall be pursuant to Article 7 .1. Similarly, the TOWN has the right to reduce video production services in the event of budgetary reductions. Any reduction in compensation paid by TOWN would be negotiated and agreed upon by both parties.

### **ARTICLE 7: KCAT'S COMPENSATION**

#### **7.1 Compensation and Overtime**

The TOWN shall compensate KCAT in the amount of \$35,000 for the sixty (60) Regular TOWN Brown Act meetings. The TOWN Manager shall have the authority to designate a Special TOWN Brown Act meeting in place of a Regular TOWN Brown Act meeting.

The TOWN shall compensate KCAT for meetings exceeding the 60 regular TOWN Brown Act meetings or special meetings designated by the TOWN manager at \$95.00 per hour. Any such meetings above 60 shall be approved in writing by the Town Manager.

The TOWN shall compensate KCAT for overtime for any TOWN Brown Act meeting that exceeds four (4) hours at \$110.00 per hour.

The TOWN shall compensate KCAT \$235 flat fee for the cancelation of any meeting other than the 60 meetings.

The TOWN shall compensate KCAT \$135 per month as a Server Charge for storage of archived meetings.

KCAT will provide to the Town at no cost, two (2) recordings of all meetings covered by this Agreement on broadcast quality DVD. Recordings of meetings shall be given to the TOWN for its records. Any additional recording requests by the TOWN shall be paid a \$ 20 per DVD Duplication (mtg. under 2 hrs.) and \$30 per DVD Duplication (mtgs. Over 3 hrs.)

The base compensation amount of \$35,000.00 shall be adjusted annually each year beginning July 1 2016, and will be determined by multiplying the percentage change in the Consumer Price Index for the San Francisco Bay Area, California, USA, as determined by the United States Department of Labor. Any CPI adjustment will be annually calculated on each April 1 to take effect July 1. The index used shall be the index for the most recent full twelve-month period for which the index is available. Any CPI adjustment can be a decrease as well as an increase based on the above-mentioned index used, not to exceed +/- 3% per year.

## **7.2 Public Access Funding**

TOWN agrees to pay forward to KCAT any PEG funds within thirty (30) days of receipt by TOWN. Said funds are to be used for public access television services in TOWN, provided the expenditure of PEG funds so received shall be made in strict compliance with the law relative to PEG funding, as it may be amended from time to time.

Notwithstanding the obligation to pay forward PEG funds to KCAT, TOWN shall at all times retain a PEG funds balance received by TOWN in the amount of \$50,000 and said funds shall be placed in an equipment reserve account. These funds will be made available, as approved by the TOWN, for major maintenance, replacement or upgrading of the cablecast and related technology resources in the Town Council chambers.

## **7.3 Invoices**

KCAT shall submit to TOWN by the 15th of each month an invoice for the services provided during the previous month. Said invoice shall indicate at a minimum the work performed during the month and the monthly fee, as provided in Article 6.1 herein above. Recorded meetings for the month invoiced shall be submitted to the TOWN prior to payment of the invoice.

## **7.4 Payments**

TOWN shall pay monthly invoices within twenty (20) days after receipt of a complete and accurate invoice and submission of the required number of recorded copies for TOWN meetings.

TOWN reserves the right to withhold payment either wholly or partially if said

electronically recorded audio/visual meeting content is not provided or if KCAT fails to provide on a consistent basis sufficient qualified personnel for video production activities.

## **ARTICLE 8: INDEMNIFICATION, INSURANCE AND BOND**

### **8.1 Indemnification**

KCAT shall indemnify and hold harmless TOWN and its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses including attorney's fees and litigation expenses arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of KCAT or anyone directly or indirectly employed by KCAT, except where caused by the active negligence, sole negligence, or willful misconduct of the TOWN. KCAT's duty to indemnify and defend shall survive the expiration or earlier termination of the Agreement.

### **8.2 Insurance**

During the term of this Agreement, KCAT shall carry insurance in accordance with TOWN requirements and such other insurance as required by law and to protect against loss from liability imposed by law for damages on account of bodily injury and property damage. The insurance shall name on the policy, as additional insured, the Town of Los Gatos, its officers, employees and agents. Insurance coverage with a minimum combined single limit in an amount established by the Town's Risk Manager which must be maintained for the duration of this Agreement and the insurance company must provide the Town with thirty (30) days' written notice of cancellation of the policy. Coverage provisions, including limits, shall otherwise be in accordance with Town policy.

Lack of insurance does not negate the KCAT's obligation under this Agreement. KCAT agrees that in the event of loss due to any of the perils for which it has agreed to provide insurance, KCAT shall look solely to its insurance for recovery, except where caused by the active negligence, sole negligence, or willful misconduct of the TOWN. KCAT hereby grants to the TOWN, on behalf of any insurer providing insurance to either KCAT or TOWN with respect to the services of KCAT herein, a waiver of any right to subrogation which any such insurer of said KCAT may acquire against the TOWN by virtue of the payment of any loss under such insurance.

Insurance shall be secured and approved by TOWN's Risk Manager prior to commencement of work according to this Agreement.

Maintenance of proper insurance coverage is a material element of this Agreement and failure to maintain or renew coverage or to provide evidence of coverage and/or renewal may be treated by the TOWN as a material breach of Agreement. KCAT shall forward the TOWN specifications and forms to KCAT's insurance agent for compliance.

## ARTICLE 9: DEFAULT AND REMEDIES

### 9.1 Events of Default

All provisions of this Agreement to be performed by KCAT are considered material. Each of the following shall constitute an event of default.

- A. **Fraud or Deceit.** If KCAT practices, or attempts to practice, any fraud or deceit upon TOWN.
- B. **Insolvency or Bankruptcy.** If KCAT shall at any time during the term of this Agreement become insolvent, or if proceedings in bankruptcy shall be instituted by or against KCAT, or if KCAT shall be adjudged bankrupt or insolvent by any court, or if a receiver or trustee in bankruptcy or a receiver of any property of KCAT shall be appointed in any suit or proceeding brought by or against KCAT, or if KCAT shall make an assignment for the benefit of creditors, then and in each and every such case, TOWN may at its sole discretion immediately terminate this Agreement upon written notice to KCAT and without the necessity of suit or other proceeding and avail itself of any of the various remedies set forth in Article 9.10 herein below or any other remedies provided by law. KCAT shall provide written notice to TOWN in a timely manner in the event KCAT files for bankruptcy or takes any other action as protection from creditors during the term of this Agreement.
- C. **Failure to Maintain Coverage.** If KCAT fails to provide or maintain in full force and effect the insurance or performance surety requirements pursuant to Article 8.
- D. **Failure to Perform.** If KCAT ceases to provide video production services as required under this Agreement for a period of two (2) meetings, for any reason within the control of KCAT.
- E. **Failure to Provide Recorded Meetings/Records.** If KCAT fails to provide the required number of copies for each TOWN meeting recorded under this agreement and/or refuses to provide TOWN with required information and/or records in a timely manner as provided for in the Agreement.
- F. **Acts or Omissions.** Any other act or omission by KCAT which violates the terms, conditions, or requirements of this Agreement as it may be amended from time to time, or any order, directive, rule, or regulation issued thereunder and which is not corrected or remedied within the time set in the written notice of violation or, if KCAT cannot reasonably correct or remedy the breach within the time set forth in such notice, if KCAT should fail to commence to correct or remedy such violation within the time set forth in such notice and diligently effect such correction or remedy thereafter.
- G. **False or Misleading Statements.** Any representation or disclosure made to TOWN by KCAT in connection with or as an inducement to entering into this Agreement, or any future amendment to this Agreement, which proved to be false or misleading in any material respect as of the time such representation or disclosure is made, whether or not any such representation or disclosure appears as part of this Agreement.

### 9.2 Breach and Termination

All terms and conditions of this Agreement are material and binding, and failure by KCAT to perform any portion of the work described herein or any related covenants or agreements shall be considered a breach of this Agreement. In the event this Agreement is breached in any manner, TOWN may at its sole option terminate this Agreement no

less than twenty (20) days after written notice is given to KCAT setting forth the breach and KCAT fails, neglects, or refuses to remedy said breach. KCAT shall thereafter have no further rights, powers, or privileges against TOWN under or arising out of this Agreement. In the event a breach does not result in termination, but does result in costs being incurred by TOWN, said costs shall be deducted from any amounts due or to become due to KCAT.

In addition to all other remedies and damages provided by law in the event of a breach of this Agreement, TOWN may, at its sole discretion, assess the actual damage caused by the breach as the remedy and obtain said remedy through set-off against KCAT's invoice or by any other appropriate procedure, including but not limited to wholly or partially withholding payment of any amounts billed to TOWN by KCAT. TOWN may also provide, directly or through a contract, the services required under this Agreement and deduct actual costs to TOWN from any amounts due or to become due to KCAT, including but not limited to start-up costs, labor, material, and equipment. The provisions of this Article shall not be exclusive, but shall be cumulative and in addition to any other remedies provided herein or pursuant to law.

In the event TOWN terminates this Agreement as provided herein, KCAT shall meet all terms and conditions of this Agreement through the effective date of said termination. In the event there is a transition to a different KCAT, KCAT shall cooperate with TOWN and any successor KCAT TOWN may select to provide the services required herein. In the event KCAT fails to comply with the conditions of this paragraph, TOWN may withhold any compensation due KCAT until KCAT complies.

## **ARTICLE 10: GENERAL PROVISIONS**

### **10.1 Relationship of Parties**

KCAT shall be an independent contractor and not an agent or employee of TOWN. KCAT shall not represent that KCAT is an agent or employee of TOWN. KCAT shall not give any person any reason to believe KCAT is an agent or employee of TOWN. No act of KCAT shall bind or obligate TOWN.

KCAT assumes full and sole responsibility for the payment of all compensation and all other expenses related to KCAT's personnel, including but not limited to state and federal income taxes, Social Security contributions, workers compensation, and disability and unemployment insurance contributions. KCAT shall be responsible for the payment of all required state and federal taxes. KCAT agrees TOWN shall not be requested or obligated to withhold from payments to KCAT Social Security contributions or state and federal income taxes.

KCAT and KCAT's employees shall not be entitled to any employment benefits provided by TOWN to TOWN employees. In the event KCAT provides similar benefits to KCAT's employees, KCAT shall be fully responsible for purchasing said benefits separately and independently of the relationship established between TOWN and KCAT under this Agreement.

**10.2 Governing Law**

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

**10.3 No Self Dealing**

Due in-part to the public funding provided in this Agreement, no KCAT Board Member may be financially interested in any contract, expenditure, purchase, or grant made by KCAT. KCAT employees are likewise excluded from any financial interest in any contract, expenditure, purchase, or grant by or from KCAT. For the purpose of this section, financial interest shall be determined pursuant to Government Code 1090, *et. seq.*

**10.4 Project Manager.**

The Project Manager for KCAT for the work under this Agreement shall be Melissa Toren, KCAT-TV Station Manager, or an appropriate KCAT-TV Board designee. Town shall designate a Town staff member to serve as a liaison to the Board and who will serve as an ex-officio board member. The ex-officio board member shall be entitled to, but not required to attend all meetings of the Board and be permitted to participate in all discussions, but not vote. The ex-officio member shall receive advance written notice of all meetings of the board.

**10.5 Assignability and Subcontracting**

The services to be performed under this Agreement are unique and personal to KCAT. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

**10.6 Transition to Next Contractor**

If the transition of services to another contractor occurs through expiration of term, default and termination, or otherwise, KCAT will cooperate with TOWN and subsequent contractor(s) to assist in an orderly transition.

**10.7 Reservation of Rights**

It is hereby expressly agreed by and between the parties hereto that TOWN shall have, and there is hereby reserved unto TOWN and to its officers and officials, all rights, powers, and privileges which might be expressly set out in this Agreement in favor of TOWN and its officers. The express mention of certain rights, powers, and privileges in favor of TOWN is not intended to and shall not be deemed or construed to exclude any other right, power, or privilege in favor of TOWN that might be expressly reserved herein.

**10.8 Non-Waiver**

No acquiescence, failure, or neglect of either party to insist upon strict performance of any or all of the provisions of this Agreement shall be construed to constitute a waiver of any term, condition, or provision of this Agreement nor of any performance required

hereunder, nor of any remedy, damages, or other liability arising as a result of any failure of performance, neglect, or inability to perform at any time.

**10.9 Severability**

If any term or provision of this Agreement shall to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**10.10 Survival**

Upon the expiration or termination of this Agreement, each party shall be released from all obligations and liabilities to the other occurring or arising after the date of such expiration or termination, except that any expiration or termination of this Agreement shall not relieve KCAT of KCAT's obligations under Articles 8.1, nor shall any such expiration or termination relieve KCAT from any liability arising from any breach of this Agreement.

**10.11 Waiver of Performance**

The parties to this Agreement shall be excused from performance hereunder during the time and to the extent that they are prevented from performing their respective responsibilities by an act of God, fire, strike, lockout, or commandeering of materials, products, plants, or facilities by the state or federal government, when satisfactory evidence therefore is presented to the other party, provided that it is satisfactorily established that the non-performance is not due to the fault or neglect of the party not performing.

**10.12 Governing Law**

This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

**10.13 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.

**10.14 Entire Agreement and Notice**

This Agreement, together with the Exhibits attached hereto and incorporated herein by reference, contains the full, complete, and entire agreement between the parties and replaces and supersedes all previous agreements, understandings, and arrangements between the parties with respect to the subject matter hereto. This Agreement may not be modified except by written agreement expressly authorized by TOWN and as mutually agreed by the parties. All notices hereunder and communications with respect to this Agreement shall be in writing and shall be effective upon the mailing thereof by registered or certified mail, return receipt requested, and postage prepaid as follows:



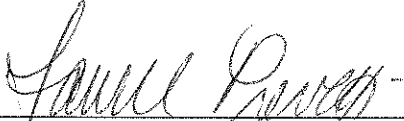
To Town:  
Town Manager  
110 E. Main Street  
Los Gatos, CA 95030

To KCAT:  
KCAT-TV Station Manager  
20 High School Court  
Los Gatos, CA 95030

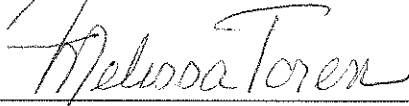
or personally delivered to KCAT to such address or such other address as KCAT designates in writing to Town.

**IN WITNESS WHEREOF**, the parties hereto have caused this agreement to be duly executed this \_\_\_ day of \_\_\_\_\_, 2015.

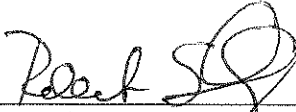
TOWN OF LOS GATOS:

  
\_\_\_\_\_  
~~Los White, Interim~~ Town Manager  
Laurel preveti

KCAT-TV

  
\_\_\_\_\_  
Melissa Toren, Station Manager

APPROVED AS TO FORM:

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

ATTEST:

  
\_\_\_\_\_  
Shelley Neis, Clerk Administrator

FIRST AMENDMENT TO AGREEMENT

This FIRST AMENDMENT TO AGREEMENT is dated for identification this 17th day of December, 2019 and amends that certain Agreement for Public Access Funding and Cablecasting Services dated September 1, 2015, made by and between the Town of Los Gatos ("Town"), and KCAT-TV, a non-profit public access television station ("KCAT").

RECITALS

- A. Town and KCAT entered into an Agreement for Public Access Funding and Cablecasting Services on September 1, 2015 ("Agreement"), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment. The Agreement expires June 30, 2020.

FIRST AMENDMENT

- 1. Agreement 15.180 for Public Access Funding and Cablecasting Services is amended to include KCAT providing the additional service of live streaming meetings to the Town-branded YouTube page for annual compensation from the Town of \$8,400.00 (\$700.00 per month). Meeting recordings will remain available on the Town-branded YouTube page for viewing.

The Town and KCAT shall have the right to terminate this portion of the agreement with or without cause by giving not less than 30 days written notice of termination.

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

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

**Town of Los Gatos, by:**

**KCAT-TV, by:**

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

\_\_\_\_\_  
Melissa Toren, Station Manager

Recommended by:

\_\_\_\_\_  
Chris Gjerde, IT Manager

Approved as to Form:

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

\_\_\_\_\_  
Shelley Neis,  
CMC, CPMC, Town Clerk



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 17

---

DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Comprehensive Annual Financial Report (CAFR):  
a. Receive the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019, and  
b. Adopt a Resolution Confirming June 30, 2019 Fund Balances in Accordance Fiscal Year 2018/19 Final Audit and Town Council General Fund Reserve Policy

**RECOMMENDATION:**

Comprehensive Annual Financial Report (CAFR):

- a. Receive the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019 (Attachment 1), and
- b. Adopt a Resolution Confirming June 30, 2019 Fund Balances in Accordance Fiscal Year

**BACKGROUND:**

The Town contracts with an independent certified public accountant to examine the books, records, inventories, and reports of all officers and employees who receive, handle, or disburse public funds each fiscal year. The FY 2018/19 audit was performed by Badawi & Associates, an experienced firm specializing in audit services for California public agencies. The firm also compiled the Draft CAFR for the Town of Los Gatos (see Attachment 1).

The information contained in the CAFR provides detailed financial information which the Los Gatos community and others can use to better understand the fiscal standing of the Town. In addition, the financial information contained in the document is one element that the credit rating agencies review annually to affix a credit rating for the Town's outstanding debt obligations. In 2019, Moody's rating service affirmed the Town's general credit rating of Aaa, the highest rating possible.

**PREPARED BY:** Stephen Conway  
Finance Director

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

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DISCUSSION:

The Council Finance Committee met on Monday, December 9, 2019 to review and provide comments on the draft Fiscal Year (FY) 2018/19 CAFR. Mr. Badawi presented the highlights of the CAFR through a series of slides (see Attachment 3) and Committee members discussed the information in an interactive format with staff and Mr. Badawi.

The Council Finance Committee received written public comments and provided an opportunity for public testimony although members of the audience chose not to speak. The Committee reviewed, discussed, and provided comments on the Draft CAFR. The redline version of the attached CAFR represents the culmination of recommended enhancements and changes based on continued staff analysis, public comments, auditor review, and Committee members' comments.

Highlights of the draft audited financial results include:

Independent Auditor's Report (pages 14 through 15)

The auditor has given the Town's financial statements a "clean" audit opinion for the year ended June 30, 2019 (see the fourth paragraph on Page 14) giving reasonable assurance that the financial statements are "free of material misstatement."

Management's Discussion and Analysis (MD&A) (pages 18 through 33)

Page 18 of the CAFR begins the MD&A section of the report wherein summaries are presented for the Town on an entity-wide basis and fund type basis. Information is provided in this section with a year-to-year view, explaining how fund balances have changed between fiscal years ending June 30, 2018 and June 30, 2019. Information is also presented on the adopted General Fund budget to actuals and any significant budget adjustments made during FY 2018/19 (page 28 through 31).

Statement of Net Position (page 38)

The Statement of Net Position serves as a useful indicator of a government's financial position. The Town had net assets of \$114.8 million at fiscal year end as compared to \$110.5 million the prior year, an overall increase of \$4.4 million over the prior fiscal year.

The increase is largely attributable to the excess of governmental revenues over expenditures of approximately \$3.0 million and the excess of revenue above expenses in proprietary funds in the amount of approximately \$1.6 million for the year. Net position was restated for the prior fiscal, increasing by \$1,206,851 for amounts placed into trust formerly reported as part of the Fiduciary Funds statements which are now reported as General Fund restricted assets for the Town's pension liabilities. An additional \$3.6 million was placed into the pension trust

DISCUSSION (continued):

during the fiscal year with investment earnings bringing the total restricted assets to the balance of approximately \$5.0 million for year ended June 30, 2019.

The largest portion of the net assets, \$107.5 million, represents the Town's investment in its capital assets and infrastructure. Restricted assets of \$11.9 million are resources that are subject to external restrictions on how they may be used. As of June 30, 2019, unrestricted net position reports a deficit of approximately \$4.6 million. The unrestricted net position reported the prior year was approximately \$171K. The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town's General Fund Appropriated Reserve (GFAR) fund during the year to invest in the Town's infrastructure and equipment.

Basic Financial Statements (pages 36 through 91, including footnotes)

This section contains basic financial statements, including the "entity-wide" Statement of Net Position and Statement of Activities, financial statements for the fund types including Governmental Funds (such as the General Fund), Proprietary Funds, and the Private Purpose Trust Funds (Redevelopment Successor Agency).

The footnotes section provides details on significant items such as the Town's cash and investments (Note 2 beginning on page 66), its long term obligations (Certificates of Participation) related to bonded debt (Note 6 page 72), the net pension liability for both the Town's miscellaneous and safety pension plans (Note 9 page 76), and a discussion of the Town's other post-employment benefit plan (Note 10 page 84).

Required Supplementary Information (pages 94 through 98)

The Schedules of Pension Plan Contributions are provided in this section.

Supplementary Information (pages 100 through 115)

This section provides budget to actual information for "non-major" funds which represent less than 10% of the Town's total assets/liabilities/revenues or expenditures.

Statistical Section (pages 119 through 151)

This section presents demographic statistics and ten-year historical financial data for the Town, including information on assessed valuations, fund balances, debt, property tax rates, personnel (full-time equivalent) history, principle employers, and other financial and demographic disclosures.

PAGE 4 OF 4

SUBJECT: Comprehensive Annual Financial Report for the Fiscal Year Ended June  
30, 2019

DATE: December 11, 2019

CONCLUSION:

As noted in the auditor's opinion, the CAFR fairly presents the fiscal year ending June 30, 2019 financial activity for the Town of Los Gatos.

FISCAL IMPACT:

There is no fiscal impact to provide recommendation to the Town Council for this report.

Attachments:

1. Draft Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019.
2. Fund Balance Resolution Establishing June 30, 2019 Fund Balances
3. Independent Auditor Presentation to the Council Finance Committee



# TOWN OF LOS GATOS

CALIFORNIA



## Comprehensive Annual Financial Report

Draft 12-12-2019

**Cover Photo: Chris Bryant [Cat photo]**



**TOWN OF LOS GATOS  
CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

PREPARED BY THE  
OFFICE OF THE TOWN MANAGER

Draft 12-12-2019

## TOWN HISTORY

The name Los Gatos comes from “El Rancho de Los Gatos.” A ranch established in 1839 by a Mexican land grant and so named because of the large number of mountain lions in the area. In 1854, James Alexander Forbes purchased some of this land and built a flour mill. In 1860, the first hotel was opened to provide a stage stop on the toll road which had been built between San Jose and Santa Cruz.

Wheat production gave way to orchards, and rapid growth ensued when the railroad reached Los Gatos in 1878. The residential subdivisions of Broadway, Bayview, Fairview, and Almond Grove were built in the 1880’s. By 1887, the population had grown to 1,500 and Los Gatos voted to incorporate.

Fruit industries faded slowly during the Depression and World War II, but the postwar period brought an influx of people and associated residential and commercial development. Highway 17 was constructed through the center of Town. Growth levelled off in the early 1970’s, leaving Los Gatos with its small-town atmosphere and pedestrian-oriented downtown.

Because of its distance from other centers of population, Los Gatos developed as a complete community including residential, business and industrial elements. Preserving Los Gatos as a complete and well balanced community has been and remains a prominent goal of the community. From the first 100-acre Town site in 1890 with a population of 1,652, Los Gatos grew slowly so that by 1963 the area was 6.3 square miles, with a population of 11,750. Today Los Gatos covers between 14 and 15 square miles and has a population of 30,998. This growth over the last 80 years resulted in a community with vibrant business districts, well maintained neighborhoods, and lovely parks and open spaces.

As it exists now, the Town’s boundaries encompass a wide variety of terrain, ranging from level land to steep and densely wooded hillsides. The sharp visual contrasts among these features and charming architecture create a picturesque setting of the Town. In the midst of the growth of Silicon Valley, Los Gatos attracts people with a preference for the Town’s distinctive, high quality natural and urban environment.

Draft 12-12-2019

**TOWN OF LOS GATOS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**TOWN OF LOS GATOS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**INTRODUCTORY SECTION**

Draft 12-12-2019

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## TOWN OF LOS GATOS

OFFICE OF THE TOWN MANAGER

(408) 354-6832

FAX: (408) 399-5786

December XX, 2019

Honorable Mayor and Town Council,

I am pleased to submit the Town's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019. This report was prepared by the Finance Department in conjunction with the Town Manager's Office, which assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation and all disclosures. The information in this report is intended to present the reader with a comprehensive view of the Town's financial position and the results of its operations for the fiscal year ending June 30, 2019, along with additional disclosures and financial information designed to enable the reader to gain an understanding of the Town's financial activities.

This report was prepared as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). This GASB Statement requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

This Comprehensive Annual Financial Report is organized into three sections:

- I. The Introductory Section includes the table of contents, letter of transmittal, listing of elected officials, Town administrative personnel, and an organization chart delineating organizational structure.
- II. The Financial Section includes the independent auditors' opinion, the MD&A, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.
- III. The Statistical Section includes both financial and non-financial data about the Town.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and includes the audit report of Badawi & Associates, the Town's independent certified public accountants.

This Comprehensive Annual Financial Report will be submitted to the Government Finance Officers Association for consideration of its Achievement of Excellence Award in financial reporting certification. This award is granted only to entities whose reports meet the highest standards of municipal financial reporting.

### **THE REPORTING ENTITY AND ITS SERVICES**

Los Gatos is a general law Town, incorporated under the laws of California in 1887. The Town is located in the foothills and level terrain of the Santa Clara Valley, in an area referred to internationally as "Silicon Valley." From the first 100-acre Town site and an 1890 population of 1,652, Los Gatos grew slowly so that by 1963 the area was 6.3 square miles, with a population of 11,750. Today Los Gatos covers approximately 15 square miles with a population of 30,988. This growth over the last 80 years resulted in a community with vibrant business districts, well maintained neighborhoods, and lovely parks and open spaces. Preserving Los Gatos as a complete and well-balanced community has been, and remains a prominent goal for the community.

The Town maintains a Council-Manager form of government which combines the strong political leadership of elected officials with the strong managerial experience of an appointed Town Manager. Five Council members are elected at large for staggered four-year terms to govern the Town. The Mayor and Vice-Mayor are appointed by the Council from its own ranks and serve for one-year terms. The Town Manager and Town Attorney are appointed and supervised directly by the Council. The Town Manager oversees traditional municipal services such as Public Safety, Parks and Public Works, Community Development, a Public Library, and Town Administration including Human Resources and Finance.

### **ECONOMIC CONDITIONS AND OUTLOOK**

Consistent with other Silicon Valley communities, the economy has remained strong and economically sensitive revenues, such as Property Tax, Sales Tax, and Transient Occupancy revenues have increased as projected. The Town continues seeing indications of softening in the housing market with homes for sale staying on the market longer than the previous year. However, the value of the home sales remains high. A median list price per square foot in Los Gatos is 42% higher than the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area median list price according to Zillow Home Value Index.

General Fund revenues (including transfer-ins) increased 7.6% from the prior year. Property tax revenues are a significant source of support for General Fund operations,

comprising approximately 40% of General Fund revenues in FY 2018/19. For FY 2018/19 property tax receipts of \$17.3 million were \$1.4 million higher than the prior year's collection, reflecting the continued desirability of the Town, its environment, culture, and educational opportunities. Based on valuation projections by the Santa Clara County Assessor's Office, Los Gatos property values are anticipated to continue with moderate growth rates for the near term. Property taxes also increased moderately due to a change in property tax distribution methodology due to the dissolution of the California redevelopment agencies. It should be noted that this increase represents a small portion of the total loss of redevelopment tax increment previously collected prior to the aforementioned redevelopment dissolution which occurred in February 2012.

The Town relies heavily on sales tax revenues to support General Fund operations, comprising approximately 18.7% of General Fund revenues in FY 2018/19. For FY 2018/19 sales tax receipts of \$8.2 million were \$0.8 million higher than the prior year's collection. Sales tax revenues increased due partially to the first receipt of \$228,130.91 in the final quarter of the fiscal year of a new additional 1/8 cent District Sales Tax for the Town of Los Gatos approved by the voters in the fall of 2018.

The Town is preparing for continued increases in pension employer rates. The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and demographic shifts which have outweighed any positive plan experiences. To date, the Council has adopted or programmed additional discretionary pension strategies in excess of \$16.0 million and prefunded \$13.1 million towards OPEB obligations.

While the Town Council has been proactively working to manage the anticipated cost escalation in its pension and other post employment benefits (OPEB), pension and OPEB related obligations continue to be one of the Town's greatest long-term cost drivers. Data from the most recent actuarial valuations show total Net Pension (~~\$59.3~~ \$53.6) and OPEB (\$10.1) liabilities of ~~\$69.4~~ \$63.7 million.

Readers are cautioned that in considering the amount of the pension and OPEB liabilities, and other actuarial data as reported by CalPERS and the Town's actuary, this is "forward looking" information. Such "forward looking" information reflects the judgment of the Board of Administration of CalPERS, its actuaries, and the Town's actuary as to the amount of assets which the pension and OPEB plans will be required to accumulate to fund future benefits. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or that may change with the future experience of the pension and OPEB plans. The actuarial methods and assumptions could be changed by CalPERS and the Town's actuary at any time based on their professional judgement. Such changes could cause the Town's obligations to the pension and OPEB plans to be higher or lower in any particular year.

For detailed information about the Town employees' retirement plan please refer to Note 9 of the Notes to Basic Financial Statements Section. In addition, the Town provides extensive information on pension and OPEB information on the Town's website.

Despite the reductions to various sources of local government revenue such as the elimination of redevelopment tax increment in 2012, and increasing costs associated with unfunded federal and state mandates, the Town has managed to maintain high service levels increased efficiency and prudent fiscal management as evidenced by General Fund's strong fiscal health through FY 2018/19. The Town continues its outreach to the community, the League of California Cities, and local legislators to prevent and limit any future revenue losses and mandated cost increases.

### **MAJOR INITIATIVES**

Major initiatives addressing the critical capital asset and infrastructure needs of the Town were a priority for the fiscal year. Approximately \$8.0 million in Town infrastructure and other capital asset improvements were expended in FY 2018/19, including \$2.9 million in street improvement projects Town-wide to major arterials and neighborhood collector streets to enhance pedestrian and traffic safety. Other investments included \$0.7 million in vehicle and equipment, and approximately \$0.5 million on Town facilities, retaining walls, and park improvements. In addition, the Town invested \$5.0 million in various projects that are currently in progress, including approximately \$3.0 million on the Almond Grove Street project, and other facility, park, and infrastructure improvement projects.

Additional infrastructure improvements are scheduled in accordance with the Town's approved Capital Improvement Plan, and will continue into future years. All of these improvements are funded either through grants, or via revenues accumulated from prior year budget savings and/or excess revenues per Town Council policy.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The effectiveness of internal control is considered in the development and evaluation of the Town's accounting system. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- 1) safeguarding of assets against loss from unauthorized loss or disposition,
- 2) accuracy and reliability of accounting data, and
- 3) adherence to managerial policy.

The concept of reasonable assurance recognizes that the cost of internal control should not outweigh the benefits, and that management must make estimates and judgments in evaluating these costs and benefits.

All governmental fund types use the modified accrual basis of accounting. This means that revenues are recorded when measurable and available rather than when received. Measurable means the amount can be determined and available means the cash is received within sixty days after the end of the fiscal year. Expenditures are recorded when the liability is incurred, rather than when paid. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due.

Proprietary (internal service) funds are accounted for using the accrual basis of accounting, similar to that used by corporations. Proprietary fund revenues are recognized when they are earned rather than when the cash is received, even if the cash is not available and proprietary fund expenses are recognized when they are incurred. With the implementation of GASB 34, the Town prepares its Basic Financial Statements on the accrual basis.

Internal accounting procedures have been developed to provide reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability.

An annual operating budget, five-year budget forecast, and five-year capital improvement plan is adopted by the Town Council consistent with generally accepted accounting principles. All budget adjustments and transfers between funds must be approved by the Town Council during the fiscal year. The Town Manager is authorized to transfer unencumbered appropriations within a budget category, within a fund. Appropriations are valid for each fiscal year and lapse at year-end.

### AWARDS

The Town's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 was awarded a Certificate of Achievement for Excellence in Financial Reporting by the national Government Finance Officers Association. This is the 24<sup>th</sup> consecutive year that the Town has received the award. This prestigious award recognizes the report's conformance with strict accounting and reporting standards established by the Government Accounting Standards Board and government finance organizations. This award is annual in nature and valid for one year only. This year's report will be submitted for award consideration by this organization, as we believe it continues to meet these standards.

**INDEPENDENT AUDIT**

State law requires an annual audit of the Town's accounts by independent certified public accountants. The accounting firm of Badawi & Associates performs this function for the Town of Los Gatos, and their report is included in the financial section of the CAFR.

**ACKNOWLEDGEMENTS**

The preparation of this Comprehensive Annual Financial Report, as presented herein, is the result of the combined efforts and dedicated services of the excellent staff of the Department of Finance. Special thanks to Gitta Ungvari, Finance and Budget Manager, Mark Gaeta, Accountant; Melissa Ynegas, Finance Analyst; and Diane Howard, Payroll Technician for their efforts in preparing this report.

Respectfully submitted,

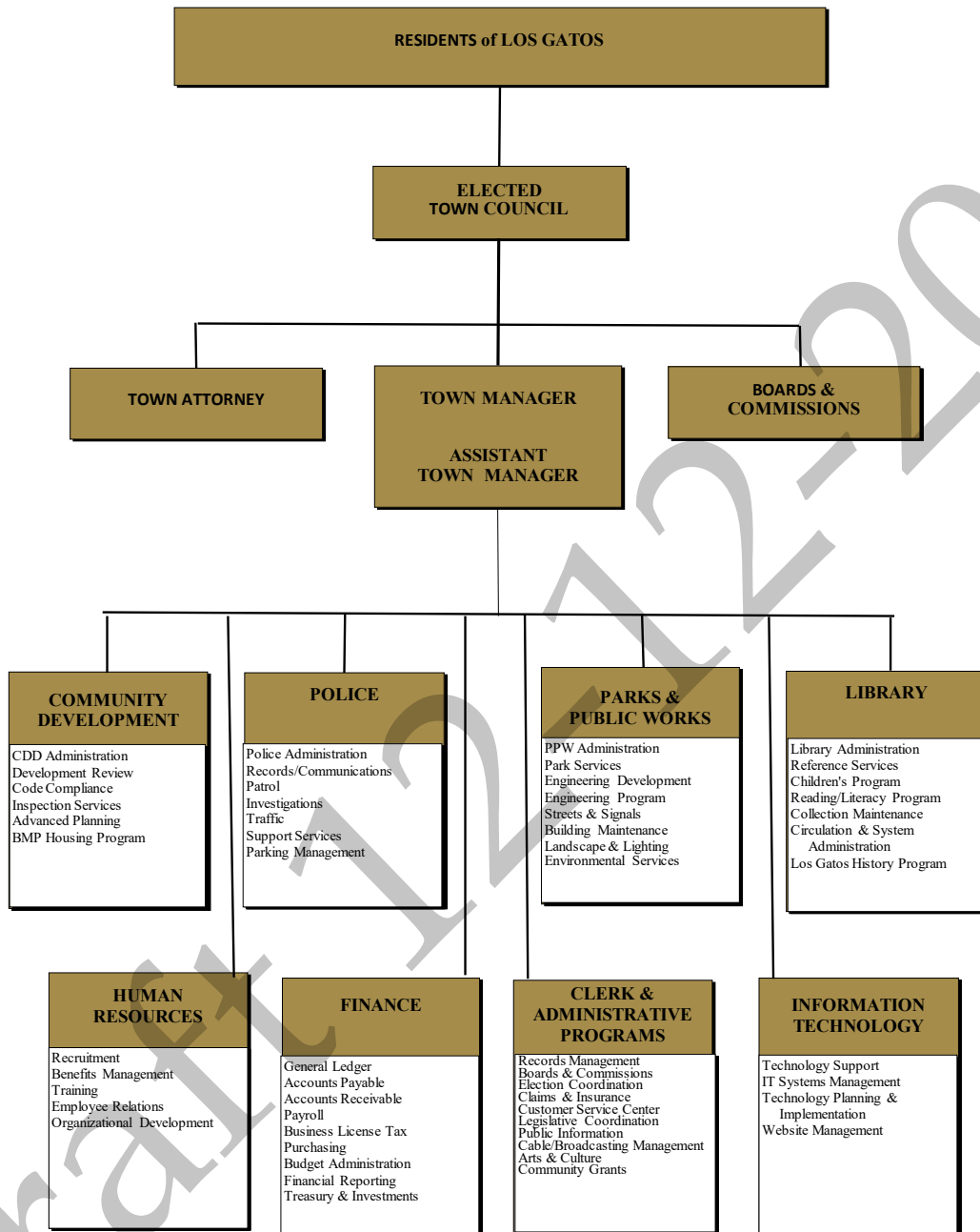
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Laurel Prevetti  
Town Manager

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Stephen D. Conway  
Director of Finance

TOWN OF LOS GATOS ORGANIZATIONAL CHART FY 2018/19



**TOWN OF LOS GATOS  
PRINCIPAL OFFICERS  
JUNE 30, 2019**

**TOWN COUNCIL**

Mayor

Vice Mayor

Council Member

Council Member

Council Member

Steven Leonardis

Marcia Jensen

Rob Rennie

Marico Sayoc

Barbara Spector

**COUNCIL APPOINTEES**

Town Manager

Town Attorney

Laurel Prevetti

Robert Schultz

**APPOINTED OFFICIALS**

Assistant Town Manager

Chief of Police

Community Development Director

Parks and Public Works Director

Library Director

Finance Director

Human Resources Director

Arn Andrews

Peter Decena

Joel Paulson

Matt Morley

Ryan Baker

Stephen Conway

Lisa Velasco





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Los Gatos  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

Draft 12-12-2019

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Draft 12-12-2019

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council of the  
Town of Los Gatos  
Los Gatos, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Los Gatos, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension-related schedules and OPEB-related schedules on pages 18-33, 46, and 94-98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Los Gatos, California's basic financial statements. The introductory section, major funds (other than General fund and Special revenue funds) budgetary schedules, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major funds (other than General fund and Special revenue funds) budgetary schedules, combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the Town Council  
of the Town of Los Gatos  
Los Gatos, California  
Page 3

**Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2019, the City adopted new accounting guidance, GASBS No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, 2019 on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
DATE, 2019

Draft 12-12-2019

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**Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Los Gatos's Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2019. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

- Town assets exceeded liabilities at the close of FY 2018/19 by \$114,819,109 (net position).
- The Town's total net position increased by ~~\$4.3~~ \$4.4 million during the fiscal year largely as a result of an approximate \$3.1 million excess of total governmental funds revenues, other financing sources above expenditures, and uses of financial resources.
- Reported unrestricted net position is negative (\$4,642,167) compared to \$170,590 the prior year. The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town's General Fund Appropriated Reserve (GFAR) fund during the year to invest in the Town's infrastructure and equipment. Unrestricted net position represents all resources not included as net investment in capital or restricted assets. ~~These amounts are considered usable for any legal purpose by the Town.~~
- Total fund balances for all governmental funds at year end were \$53,634,826, an increase of \$3,074,054 (6.1%) from the prior year. Fund balances increased due to total governmental revenues above expenditures of approximately \$221K (excluding transfers) and one-time proceeds from the sale of Town land in the amount of approximately \$1.9 million. Added to this amount was the transfer of residual fund balances of approximately \$1.1 million from the closing of two Internal Service Funds (Vehicle Maintenance and Stores) during the year.
- At the end of FY 2018/19, fund balance for the General Fund was \$37,970,527, approximately 100% of General Fund expenditures for the current fiscal year excluding transfers-out to the Town's capital projects funds.
- During the fiscal year, the Town's General Fund placed \$3,578,913 in its recently established Town's IRS Section 115 Pension Trust.
- The Town's total capital assets increased by \$5,443,859 to \$107,542,588 net of depreciation.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR contains the following information: Independent Auditor's Report, Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Required Supplementary Information. The CAFR also includes a Supplementary Information

section, which presents combining and budgetary schedules for individual non-major funds. The Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. The Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements.

### **Government-Wide Financial Statements**

The Government-Wide Financial Statements present the financial picture of the Town from an economic resources measurement focus using the accrual basis of accounting. An economic resources measurement focus is when a body of financial statements report all inflows, outflows, and balances affecting or reflecting an entity's net position.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activity*). The governmental activities of the Town include public safety, parks and public works, community development, library, community services, debt service, and general government. The Town has no business-type activities for accounting purposes.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* – The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting,

which measures cash and other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

*Proprietary funds* – The Town maintains one type of proprietary fund: internal service funds. Proprietary funds are reported using the accrual basis of accounting. Internal service funds are an accounting tool used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles, computer equipment, risk management activities, and other items. The Internal Service funds are included within governmental activities in the Government-Wide Financial Statements.

*Fiduciary funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the Town's own programs.

Included in fiduciary funds is the Redevelopment Successor Agency private-purpose Trust Fund created upon the dissolution of the former Redevelopment Agency (RDA) in 2012. The Trust Fund was created to hold the assets of the former Redevelopment Agency until they are transferred for governmental purposes to other entities or distributed to the underlying taxing jurisdictions in Santa Clara County after the payment of enforceable obligations. Additional information on the dissolution of the RDA and this fiduciary fund can be found in Note 12 in the notes to basic financial statements.

### **Notes to Basic Financial Statements**

The notes provide additional information to facilitate a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Basic Financial Statements can be found on pages 56-91 of this report.

### **ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Government-Wide Financial Statements provide long-term and short-term information about the Town's overall financial condition. This analysis addresses the financial statements of the Town as a whole, utilizing data from throughout the CAFR to describe the changes between 2018 and 2019.

## Net Position Discussion

As shown below, the Town's combined net position for the year ended June 30, 2019 was \$114.8 million, increasing ~~\$4.3~~ \$4.4 million over the prior year. The increase is largely attributable to the excess of governmental revenues over expenditures of approximately \$3.0 million and the excess of revenue above expenses in proprietary funds in the amount of approximately \$1.6 million for the year. Net position was restated for the prior fiscal, increasing by \$1,206,851 for amounts placed into trust formerly reported as part of the Fiduciary Funds statements which are now reported as General Fund restricted assets for the Town's pension liabilities. An additional \$3.6 million was placed into the pension trust during the fiscal year with investment earnings bringing the total restricted assets to the balance of approximately \$5.0 million for year ended June 30, 2019. ~~restatement of the amounts placed in trust for the Town's pension and other post-employment benefits (OPEB) this fiscal year. Assets in the trust increased by \$3.8 million from an \$1.2 million balance as of June 30, 2018 to a current balance of \$5.6 million in restricted assets. Additionally, another \$0.6 million of the total increase in net position was generated by Town operations.~~ In general, net position can serve as an important indicator of whether the Town's overall financial condition is improving or deteriorating over time.

**Town of Los Gatos  
Net Position  
Governmental Activities  
For the Year Ended June 30, 2019**

	2019	2018
Current and Other Assets	\$ 79,464,869	\$ 78,734,160
Capital Assets	107,542,588	102,098,729
Total Assets	<u>\$187,007,457</u>	<u>\$180,832,889</u>
Deferred Outflows - Pension/OPE	13,521,349	19,177,172
Current Liabilities	17,375,600	19,125,206
Long-Term Liabilities Outstanding	66,148,603	66,492,020
Total Liabilities	<u>\$ 83,524,203</u>	<u>\$ 85,617,226</u>
Deferred Inflows - Pension/OPEB	2,185,494	3,923,918
Net Position		
Net Investment in Capital Assets	107,542,588	102,098,729
Restricted	11,918,688	8,199,598
Unrestricted	(4,642,167)	170,590
Total Net Position	<u>\$114,819,109</u>	<u>\$110,468,917</u>

Current and other assets increased \$0.7 million for the year. This is primarily due to a \$3.8 million increase in restricted cash for pension and OPEB, and increases in accounts and intergovernmental and interest receivables totaling approximately \$0.9 million. These increases are offset by decreases in cash and investments for the year of approximately \$4.1 million, reflecting use of cash balances of approximately \$9.5 million to invest in Town infrastructure and

other special projects. Capital assets increased \$5.4 million net of depreciation expense totaling approximately \$3.9 million for the year, much of which is related to the infrastructure investments made throughout the Town including approximately \$3.0 million for the Almond Grove Street Rehabilitation project, \$1.5 million in energy efficiency upgrades made to the Town's facilities, and approximately \$1.2 in street repair and resurfacing.

Current liabilities decreased \$1.8 million primarily due to a decrease in accounts payable, claims payable, and unearned revenue, offset by an increase in deposits payable.

Long-term liabilities decreased \$300K. The decrease is primarily due to small increases of approximately \$400K in the net pension liability coupled with an approximate \$300K increase in compensated absences offset by decreases of approximately \$1.1 million in the OPEB obligation required with the implementation of GASB 75. See Note (10 9) and Note (11 10) of Notes to the Financial Statements for more information.

The largest segment of the Town's net position, representing \$107.5 million of net position, reflects the net investment in capital assets (e.g. land, buildings, infrastructure, and equipment) less accumulated depreciation and related outstanding debt used to acquire those assets. The Town uses these capital assets to provide infrastructure and services to our residents. Therefore, they do not represent a liquid financial resource to the Town and consequently are not readily available for funding current obligations.

Restricted net position totaled approximately \$11.9 million representing approximately \$6.7 million for capital projects and \$5.0 million for pension/OPEB obligations.

As of June 30, 2019, unrestricted net position reports a deficit of approximately \$4.6 million. The unrestricted net position reported the prior year was approximately \$171K. The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town's General Fund Appropriated Reserve (GFAR) fund during the year to invest in the Town's infrastructure and equipment.

### **Governmental Activities**

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

Net position was restated for the prior fiscal, increasing by \$1,206,851 for amounts placed into trust formerly reported as part of the Fiduciary Funds statements which are now reported as General Fund restricted assets for the Town's pension liabilities.

**Town of Los Gatos  
Statement of Activities  
For the Year Ended June 30, 2019**

	2019	2018
<b>Revenues:</b>		
Program revenues:		
Charges for Services	\$ 11,350,345	\$ 11,982,107
Operating Grants and Contribution:	2,175,277	1,906,224
Capital Grants and Contributions	146,792	348,437
General Revenues:		
Property Taxes	17,321,347	15,958,406
Sales Taxes	8,158,152	7,466,253
Franchise Taxes	2,475,916	2,474,814
Other Taxes	2,726,743	2,667,840
Motor Vehicle in Lieu	14,689	16,483
Investment Earnings	1,809,128	333,120
Miscellaneous	2,407,840	622,105
Total Revenues	48,586,229	43,775,789
Expenses:		
Police Department	16,635,726	15,545,521
Parks and Public Works	10,627,716	10,047,003
General Government	8,163,991	7,948,968
Community Development	5,064,637	4,667,609
Library Services	3,059,294	3,087,684
Sanitation	684,673	536,296
Total Expenses	44,236,037	41,833,081
Change in Net Position	4,350,192	1,942,708
Net Position, beginning	110,468,917	117,027,779
Prior Period Adjustments - GASB 75/84		(8,501,570)
Net Position, as restated - GASB 75/84		108,526,209
Net Position, Ending	\$ 114,819,109	\$ 110,468,917

## Governmental Activities Revenue Discussion

The Statement of Activities shown above details how the \$48.6 million in Governmental Activities revenue was derived. As categorized in the Statement of Activities as program revenues, approximately \$11.4 million or 22.6% of the revenues were recorded from those who directly benefited from the program as a charge for service. Another \$2.3 million or 4.7% of the revenues were sourced from operating/capital grants and contributions. The remaining \$34.9 million or 72.7% represents general revenues of the Town, including taxes, intergovernmental revenues, and other miscellaneous revenues.

Program revenues decreased by approximately \$600K from the prior year. This is largely due to some substantial permit revenues recognized the prior fiscal year as part of a large proposed residential/commercial development project.

The Town's general revenues related to Governmental Activities increased \$4.8 million from the prior year due to increases in property taxes, sales taxes, transient occupancy taxes, other taxes, investment earnings and other miscellaneous revenues.

Property tax is the largest individual revenue source for the Town and collections finished the year \$1.46 million higher than the previous year. This increase was mostly due to an increase in secured taxes as demand for residential Town property continued due to a strong economy and new developments driving property values higher.

At \$8.2 million, sales taxes represent the second largest individual revenue source for the Town. Sales taxes increased \$0.7 million from the previous year due partially to the first receipt in the final quarter of the fiscal year of a new additional 1/8 cent District Sales Tax approved by the Los Gatos voters in the fall of 2018.

Franchise taxes, the Town's third largest revenue source, finished the year at \$2.4 million, reflecting only a very small increase from the previous fiscal year.

Investment earnings increased substantially (\$1.4 million) from the prior year. Three factors were responsible for this growth: (1) for much of the fiscal year, yields in the Town's portfolio were trending upwards; (2) the Town experienced **approximately \$270K in net** investment gains in its IRS Section 115 Trust during the year; and (3) interest rates fell toward the end of the year leading to year end **substantial (\$643K) additional** investment gains as a result of the "mark to market value" procedure required by GASB 31.

**Miscellaneous revenues increased by approximately \$1.8 from the prior year. The substantial increase is due to a gain on sale of property, the largest segment of which was the approximate \$1.9 million gain on sale of the Winchester land sale finalized in May 2019.**



## Governmental Activities Expenditures Discussion

The Town provides residents and visitors with the following functional services: General Government is comprised of six departments (Town Council, Town Clerk, Town Manager, Town Attorney, Human Resources, Information Technology, and Finance) providing services in general governance, information technology, executive management, economic vitality, legal, records management, risk management, human resources, finance, and accounting.

The Town's Police Department (public safety) provides general law enforcement, crime prevention, dispatch and responses to emergency and non-emergency calls for services. Parks and Public Works provides engineering, construction and maintenance of public streets, street lighting, Town owned buildings, parks, and related infrastructure; as well as traffic engineering and engineering evaluation of private development proposals. Community Development provides planning and zoning services; and building plan check and inspection; and code enforcement services. The Library Department provides library, local history and cultural services to the community.

Total expenditures increased ~~\$2.4~~ ~~\$1.2~~ million from the prior year. The increase was driven largely by the combination of the following factors:

- General Government expenditures ~~increased~~ ~~\$215K~~ ~~\$3.3~~ ~~\$1.0~~ million from the prior year. ~~The largest driver of this change was negotiated salary increases (\$310K) to Town staff, removing Information Technology staff charges from the Internal Service Fund to the General Fund General Government category (\$540K), miscellaneous increases across programs (\$215K) offset by lower OPEB pre-funding contributions (\$500K) due to lower actually determined contributions, and approximately \$300K lower costs of final leave payouts and changes to compensated absences than the prior year. The chief cause for this decrease is the payments made to the Town's IRS Section 115 pension trust in the prior year were considered expenditures and have been reclassified to General Fund restricted cash in the current year due to implementation of Governmental Accounting Standards Board (GASB) 84.~~
- Public safety expenditures grew by approximately ~~\$3.3~~ ~~\$1.1~~ million from the prior year driven primarily by a FY 18/19 negotiated salary increase and increasing pension expenses.
- Community Development and Parks and Public Works expenditures increased by ~~\$380K~~ ~~\$400K~~ and ~~\$670K~~ ~~\$580K~~ respectively for the year. Expenditure increases were primarily from negotiated salary increases to Town staff and pass-through expenditures for private development activity.
- Sanitation (Urban Runoff – Non-Point Source) costs increased ~~\$147K~~ ~~\$148K~~ from the prior year due to increasing efforts to adhere to clean water standards imposed by Federal and State agencies.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

### Governmental Funds

Recognizing the financial resources measurement focus, the Town's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements and may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unlike the Statement of Activities which does not include transfers, the Governmental Funds Balance Sheet does include transfers in and out.

**Fund Balance** – As discussed below, the Town's Governmental Funds Balance Sheet reports the following fund balances.

**Restricted Fund Balance** – The Town has \$11.9 million in fund balance classified as restricted to indicate that it has an externally imposed restriction on how the money may be spent. Of the \$11.9 million restricted fund balance, \$5.0 million is in the General Fund representing amounts placed in an IRS Section 115 trust dedicated as to use for either pension or OPEB expenses. \$6.7 million is restricted for capital projects, and \$0.2 million for maintenance and repairs.

**Committed Fund Balance** – The Town has \$17.7 million in fund balance classified as committed to indicate that the Town Council has committed how the money will be spent. Of the \$17.7 million committed fund balance, \$15.1 million is committed to the General Fund, of which \$10.8 million is for budget stabilization and catastrophes and \$4.2 million is for pension and OPEB unfunded liabilities. The remaining committed balances are in the Town's GFAR capital projects fund totaling \$2.6 million.

**Assigned Fund Balance** – The Town has \$24.1 million in fund balance which is not restricted or committed and is classified as assigned to indicate the Town Council's intent to be used for specific purposes. The largest assigned fund balance is the Reserve for Capital and Special projects with a balance of approximately \$17.6 million which is the primary funding source for the Town's five-year capital improvement plan.

Additional information on the Town's Fund Balance can be found in Note (8) of the Notes to the Financial Statements.

Net position was restated for the prior fiscal, the result of decreasing General Fund expenditures by \$1,206,851 for amounts placed into trust formerly reported as General Fund expenditures and reported as part of the Fiduciary Funds statements which are now reported as General Fund restricted assets for the Town's pension liabilities.

Major Governmental Funds results for the year included the following:

**Town of Los Gatos**  
**Total Governmental Funds Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

<b>REVENUES</b>	<b>2019</b>	<b>2018</b>
Property Taxes	17,359,435	15,992,980
Sales Taxes	8,158,152	7,592,206
Other Taxes	2,726,742	2,667,840
Licenses & Permits	5,173,876	5,937,044
Intergovernmental	2,310,655	2,124,903
Charges for Services	5,584,504	5,395,057
Fines and Forfeitures	510,266	676,212
Franchise Fees	2,475,916	2,474,814
Interest	1,809,164	332,938
Use of Property	32,960	32,206
Other	579,755	640,844
	<hr/>	<hr/>
Total Revenues	46,721,425	43,867,044
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Current:		
General Government	8,004,254	7,563,231
Public Safety	14,945,407	14,423,554
Parks and Public Works	7,962,135	7,125,686
Community Development	4,577,495	4,192,165
Library Services	2,493,617	2,529,017
Sanitation and Other	628,240	521,147
Capital Outlay	7,888,914	9,778,058
	<hr/>	<hr/>
Total Expenditures	46,500,062	46,132,858
	<hr/>	<hr/>
Excess Revenues over Expenditures	221,363	(2,265,814)
Proceeds from sales of assets	1,912,316	378,219
Transfers in	4,264,131	3,176,760
Tranfers out	(3,323,756)	(3,880,131)
Total Other Financing Sources (Uses)	2,852,691	(325,152)
	<hr/>	<hr/>
Net Changes in Fund Balances	3,074,054	(2,590,966)
Beginning/Ending Fund Balances As Restated	50,560,772	53,151,738
Ending Fund Balances	53,634,826	50,560,772

Overall, Governmental Funds revenues finished \$2.9 million or 6.1% higher than the prior year, while expenditures finished \$0.8 million or 1.8% lower than the prior year. The net result is that Governmental Funds income before transfers and other financing sources and uses increased by \$3.7 million. Actual General Fund revenues totaled \$43.6 million or nearly 93% of total of the \$46.7 million governmental fund revenues. Total General Fund operating revenues increased by \$3.1 million, resulting from a \$1.4 million increase in property tax collections, an approximate \$1.5 million in investment income, and a \$0.6 million increase in sales tax collections for the year, offset by small decreases in license and permits and intergovernmental revenues among others.

Governmental Funds expenditures **increased approximately \$370K** for the year **were \$0.9 million lower than the prior year**. General Fund expenditures represent approximately \$38.0 million of the total Governmental Fund expenditures of \$46.5 million compared to **\$37.0 \$35.8** million of total Governmental Funds expenditures of **\$43.9 \$46.1** million in the prior year. The General Fund expense increase from the prior year resulted from negotiated salary increases effective during the year and increased costs for pension expenses. Town pension contributions mandated by CalPERS resulted in the employer contribution rate increasing 16.4% for the safety plan and 12.4% for the miscellaneous plan from the prior year. The **increase decrease** in total Governmental expenditures is largely the result of lower capital projects costs in the Town's GFAR fund of approximately \$6.8 million compared to \$8.9 million in the prior year **offset by increases across all other government expenditures categories totaling approximately \$2.3 million**.

### **Proprietary Funds**

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

Total net position in the Internal Service Funds increased \$1.6 million in the current year. This was mostly due to the removal of budgeted staff to Internal Service funds resulting in the elimination of net pension/OPEB liabilities of approximately \$2.2 million (total pension and OPEB liabilities for all Town employees are reported in the Town's Statement of Net Position) and operating revenue above expenses totaling approximately \$2.0 million in the Equipment Replacement (\$600K), Workers Compensation (\$222K), Self-Insurance (\$318K), Information Technology (\$657K), and Facilities Maintenance (\$775K). This increase was offset by the closing of two Internal Service Funds (Vehicle Maintenance and Stores Fund) with a transfer of approximately \$1.1 million of residual net position fund balance to the Town's General Fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

#### **Changes to the Original Budget**

Comparing the FY 2018/19 original budget (or adopted) General Fund expenditures of \$42,827,777 (excluding budgeted transfers-out and debt payments that are reimbursed) to the final adjusted budget of \$45,318,031 indicates a net increase of approximately \$2.5 million.

Additions to the original expenditure budget included approved encumbrance carry-forwards of \$34,452 and additions of \$2,333,111 of miscellaneous adjustments approved by Town Council throughout the fiscal year.

Original Budget	+ Approved Carry- Forwards	+ Prior Year Encumbrances	+ Misc. Adjustments & Mid-Year Adjustments	= Final Budget
\$42,827,777	\$0	\$99,927	\$2,390,327	\$45,318,031

The increase in General Fund appropriations occurred primarily from the following selected budget adjustments made during the fiscal year.

- \$1,566,866 increase to salary and benefits for FY 2018/19 reflecting raises (2.5%) for all Town bargaining units as a result of collective bargaining and unrepresented employee labor agreements approved by Town Council during the year and new contracts for the Town Manager and Town Attorney.
- \$600,000 additional appropriations for pass-through revenues to be used for plan review and inspection services associated with the Town’s North 40 development.
- \$80,065 of additional funding reflecting various mid-year expenditure budget adjustments including additional funding for Americans with Disabilities Act training (\$16K), additional crossing guard services to reflect collective bargaining process with City of San Jose (\$9.5K), well testing (\$12K), tuition reimbursements for Police personnel (\$11K), receipt of grant funds for bullet proof vests (\$5.9K), among others.
- \$50,000 increase for below market price housing program.
- \$47,000 for additional tree trimming services.
- Approximately \$41,000 increase to reflect receipt of a Public Library Foundation grant.
- \$36,500 for Town branding consultant services.
- \$27,718 to create a Deputy Town Clerk classification including salary and benefits costs.
- \$20,000 to the Chamber of Commerce for it to procure Property and Business Improvement District consulting services.
- \$15,500 to perform a study and provide recommendations for private sector requirements for public arts funding.
- \$15,000 to fund additional services provided by the Town of Los Gatos Chamber of Commerce.

**Variance with the Final General Fund Budget**

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (GAAP) for Fiscal Year Ended June 30, 2019 reports an approximate overall favorable

variance with the final budget of approximately \$10.8 million. This favorable variance was created largely by the following factors:

- The reclassification of approximately \$3.6 million in pension transfers made to the PARS trust treated in the adopted budget as expenditures, reclassified and not treated as an expenditure but as a reclass from General Fund cash to restricted cash for pension liabilities.
- \$2.4 million in overall revenue gains above budget as explained in the following analysis of overall governmental funds revenues.
- Approximately \$900K of expenditures below budget for FY 18/19 work paid from General Plan Update fees (a dedicated revenue source which funds this expenditure). All savings in this budget are carried over to the next fiscal year to be continue the General Plan Update project.
- \$1.0 million favorable balance in the General Fund Transfers in Other Financing Sources reflecting Town Council's May 2019 decision to close the balance of two Internal Service Funds (Vehicle Maintenance and Stores Fund), transferring these amounts to the General Fund as assigned reserves.

Actual revenues ended the fiscal year at \$2.5 million above final budgeted revenues. Significant factors contributing to the variance are summarized as follows:

- A favorable variance of \$1.4 million in investment earnings for year. The Town received additional investment earnings for the year in its pension/OPEB trust which was not anticipated during FY 18/19 budget development and a positive trend of interest rates leading to additional interest accrued in year end mark to market valuations.
- A favorable variance of \$602K in property taxes was due to valuation changes caused by an increase in property values from new construction, renovations, the general strong demand for housing in the Town of Los Gatos, and an increase in residual pass-through taxes arising from the dissolution of the Redevelopment Agencies.
- Sales tax collections indicated a favorable variance of \$528K reflecting increased collections from local businesses beyond budget estimates and the effects of initial receipts of the newly adopted District 1/8 cent sales tax approved by Town voters in November 2018.
- An unfavorable variance of (\$374K) in licenses and permits reflecting lower than anticipated activity related to development activity and business licenses.
- An unfavorable variance in fines and forfeitures reflecting staff vacancies for parking enforcement, and changes in parking enforcement and library software technology leading to lower fines.

Significant factors affecting actual expenditures include:

- Non-departmental expenditures reflect a \$3.7 million favorable variance due to the early implementation of GASB 84 wherein budgeted transfers out expenditures to the pension trust were eliminated from year end actual expense as the trust is now accounted for as a restricted asset in the General Fund. Actual transfers of \$3,578,913 were made to the Town's IRS Section 115 trust during the fiscal year and this trust has been merged into the General Fund for reporting purposes hence fund transfer expenditure actuals report \$3.5 million less than actual transfer expenditures.
- Community Development expenditures reflected a \$1.2 million favorable variance explained largely by staff vacancies with salary and benefit savings of approximately \$347K, and the General Plan Update expenditures being approximately \$883K lower than budgeted because the budget reflected the entire contract amount which has not been fully executed through the end of the fiscal year.
- Public safety expenditures had a favorable variance of approximately \$768K reflecting limited term vacancies in Police Officer, Executive Assistant, Dispatcher, and Parking Control Officer positions.
- Administrative Services reflected a favorable balance of approximately \$710K in large measure due to savings in salary and benefits due to vacancies in Information Technology and Town Manager's Office positions.
- Parks and Public Works reflects a favorable variance of approximately \$685K reflecting the underfilling of three positions and three Parks and Maintenance Worker position vacancies.
- Library services reflected a favorable variance of \$191K due mainly to salary and benefit savings from staff vacancies in the Librarian position and other temporary vacancies.

## **CAPITAL ASSETS**

As of June 30, 2019, the Town's investment in capital assets for its governmental activity is recorded at \$107,542,588 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, infrastructure, construction in progress, and machinery and equipment. During FY 2018/19, the Town's approximate \$8 million investment in capital assets for the current year represented approximately 4.3% of total assets for governmental activities. Major capital asset events during the current fiscal year include the following:

- \$5.0 million net increase to Construction in Progress, the majority of that amount (\$3.0 million) expended on the Almond Grove Street Rehabilitation Project.

- \$2.9 million addition to street improvement projects including improvements to major arterials and neighborhood collector streets to enhance bicycle, pedestrian, and traffic safety Town-wide.
- \$700K in equipment purchases, including approximately \$545K in vehicle fleet replacements, \$20K for a skidsteer loader, \$18K for a license plate reader, and approximately \$49K for public safety radio communications upgrade.
- Approximately \$475K expended on building improvements, retaining walls, park improvements, and parking lot improvement projects.

**Town of Los Gatos  
Net Investment in Capital Assets  
For the Year Ended June 30, 2019**

	Governmental Activities
Infrastructure	\$ 48,616,553
Buildings	22,255,726
Land	20,294,810
Equipment	2,657,493
Construction in Progress	13,718,006
	\$ 107,542,588

Additional information on the Town’s capital assets is found in Note 5 of this financial report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

A product of an ongoing examination of how the Town provides cost-effective services, the Town’s budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

During the development and adoption of the Town’s FY 2019/20 budget, the Town Council and management considered the following factors:

- The Town continues to focus on priority issues that involve maintaining public safety and Town infrastructure including streets and parks; and providing library, community development, and other services. These priorities are coordinated with other Core Goals that protect the Town’s fiscal health and ensure cost efficient and effective delivery of Town-wide administrative services. The Town’s proactive approach to reducing operating expenditures, identifying revenue enhancements, and implementing operating efficiencies has been an effective fiscal approach.



- Reflecting the continued strength of the local economy, the FY 2019/20 operating budget is a balanced budget, with use of General Fund reserves dedicated for one-time uses. The FY 2019/20 Budget maintains existing service levels while recommending modest additions in strategically important areas. This budget incorporates investments toward future equipment replacement, additional annual discretionary pension payments, and increased capacity for the Town's burgeoning technology infrastructure. The FY 2019/20 budget has been balanced largely due to revenue enhancements, resulting from the positive economy and the Town's growth in the economically sensitive revenue sources such as Property Tax, Transient Occupancy Tax, and Business Licenses. In regard to expenditures, the Town's employer-paid benefits are expected to increase for the foreseeable future, including obligated pension contributions, the pre-funding of premiums for retiree health coverage, and the increasing costs of current health plans.
  
- Specific trends affecting the fund balance forecast include:
  - General property tax collections represent approximately 31.3% (not including the State's property tax "backfill" shifts) of the Town's General Fund revenues. Property tax collections are expected to increase 3.9% in FY 19/20 from the prior year's tax collections. This forecast is based on data from the Santa Clara County Tax Assessor's Office.
  
  - The Town anticipates a small increase in general sales tax for FY 2019/20. Sales tax estimates of \$8.0 million for FY 2019/20 were budgeted reflecting a 3.3% increase from the prior year's adopted sales tax budget. At the November 6, 2018 election, the Town of Los Gatos residents approved a ballot measure enacting a one-eighth cent (\$0.125%) sales tax for 20 years, providing about \$800,000 annually, requiring Independent Citizens Oversight with public review of spending, and all revenues controlled locally. The Sales Tax Measure was effective starting April 1, 2019. Staff incorporated the estimated new sales tax figures in the FY 2019/20 budget.
  
  - The Town's investment portfolio experienced a slight increase in its overall weighted average annual yield, rising from 1.75% at June 30, 2018 to 2.05% at June 30, 2019. Anticipating increasing interest rates for FY 2019/20 coupled with reduced cash balances due to capital expenditures, investment earnings are expected to remain at the same level as the prior fiscal year.
  
  - Transient Occupancy Tax (TOT) revenues are expected to be higher in FY 2019/20 as personal and business-related travel is expected to remain strong.
  
  - The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and demographic shifts which have outweighed any positive plan experiences. To address this unfunded status, the Town took proactive steps including initiating the prefunding of OPEB obligations, budgeting and programming additional discretionary pension payments to accelerate reduction of unfunded liabilities, and

recently partnering with the Town's employee groups to eliminate the existing retiree healthcare benefit for new employees. Even with these proactive steps, the Town continues to be impacted by the continuing rising cost of pension related benefits. Over the next five fiscal years, the Town's five-year forecast includes increasing pension costs due to further changes in actuarial assumptions or lowering the discount rate. The Town's net pension liability is \$22.7 million for the safety cost sharing plan and \$30.9 million for the miscellaneous plan based upon data from CalPERS. To illustrate the sensitivity of the net pension liability to changes in the discount rate, CalPERS estimates that a 1 % reduction in the discount rate from 7.15% to 6.15% would increase the total net pension liability for both Miscellaneous and Safety by \$25.7 million. Conversely, an increase in the discount rate from 7.15% to 8.15% would decrease the total net pension liability for both Miscellaneous and Safety by \$21.1 million.

- In addition, CalPERS provides a hypothetical termination liability estimate of the plans should the contract with CalPERS be terminated. The plan liability on a termination basis is calculated differently from the plans' ongoing funding liability. Since no future employer contributions would be made in the hypothetical termination, benefit payments are secured by risk-free assets. For the Miscellaneous plan, a 3.25% termination return rate results in a \$90.9 million termination liability. For the Safety plan, a 3.25% termination return rate results in a \$87.8 million termination liability.
- For detailed information about the Town employees' retirement plan please refer to Note 9 of the Notes to Basic Financial Statements Section.

### Requests for Information

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report or requests for any additional information, should be directed to Stephen Conway, Director of Finance, at 110 East Main Street, Los Gatos, California, 95030; email at [sconway@losgatosca.gov](mailto:sconway@losgatosca.gov); or phone at (408) 354-6828.

**Basic Financial Statements**

Draft 12-12-2019

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**TOWN OF LOS GATOS, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**GOVERNMENT WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

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The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire financial activities and financial position of the Town. They are prepared on the same basis of accounting (accrual) used by most businesses, which means they include all the Town's assets and liabilities, as well as its revenues and expenses. The effect of the entire Town's transactions is accounted for, regardless of when cash changes hands, and all material internal transactions between funds have been eliminated.

The Statement of Net Position report the Town's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, and presents similar information to the old balance sheet format while focusing the reader on the composition of the Town's net position (assets minus liabilities). The Statement of Net Position summarizes the financial position of the Town's governmental activities in a single column.

The Town's governmental activities include the activities of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. These funds are serviced by the Town's Internal Service Funds; therefore internal service activities are consolidated with governmental activities after eliminating inter-fund transactions and balances.

The Statement of Activities reports increases and decreases in the Town's net position and is prepared on the full accrual basis of accounting, which means it includes all the Town's revenues and expenses regardless of when cash changed hands. This differs from the "modified accrual" basis of accounting used in the fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the Town's expenses before revenues and by program. Program revenues (revenues generated directly by specific programs) are deducted from program expenses to arrive at the net expense of each governmental program, which is offset by general revenues as listed before the change in net position. From these components, the change in net position is computed and reconciled to the Statement of Net Position.

Both of these statements include the financial activities of the Town.

The Statement of Net Position, Statement of Activities, fund financial statements and the notes to financial statements comprise the Basic Financial Statements of the Town. The term "Basic Financial Statements" replaced the term "General Purpose Financial Statements" which is no longer used.

**TOWN OF LOS GATOS  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 69,882,523
Restricted cash and investments	5,114,653
Receivables:	
Accounts	1,750,427
Interest	318,578
Intergovernmental	2,138,115
Materials, supplies and deposits	22,821
Long term notes receivables	237,752
Capital Assets:	
Nondepreciable	34,012,816
Depreciable, net of accumulated depreciation	73,529,772
Total Assets	187,007,457
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions subsequent to measurement date	5,333,436
Pension related amounts	5,781,277
OPEB contributions subsequent to measurement date	2,406,636
Total Deferred Outflows of Resources	13,521,349
<b>LIABILITIES</b>	
Accounts payable	3,349,666
Accrued payroll and benefits	1,415,748
Due to other governments	77,768
Unearned Revenue	4,193,759
Deposits	6,857,798
Claims payable	1,108,233
Long-term liabilities:	
Due within one year:	
Compensated absences	372,628
Due in more than one year:	
Net OPEB liability	10,055,468
Net pension liabilities	53,627,829
Compensated absences	2,465,306
Total Liabilities	83,524,203
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related amounts	1,827,262
OPEB related amounts	358,232
Total Deferred Inflows of Resources	2,185,494
<b>NET POSITION</b>	
Net investment in capital assets	107,542,588
Restricted for:	
Capital projects	6,695,233
Pension	5,015,316
Lighting and landscape repairs and maintenance	208,139
Total Restricted Net Position	11,918,688
Unrestricted	(4,642,167)
Net Position	\$ 114,819,109

**TOWN OF LOS GATOS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 8,163,991	\$ 1,562,683	\$ -	\$ -	\$ (6,601,308)
Public safety	16,635,726	1,745,889	826,643	-	(14,063,194)
Parks and public works	10,627,716	2,910,936	1,301,152	146,792	(6,268,836)
Community development	5,064,637	4,155,231	-	-	(909,406)
Library services	3,059,294	9,476	47,482	-	(3,002,336)
Sanitation	684,673	966,130	-	-	281,457
<b>Total Governmental Activities</b>	<b>\$ 44,236,037</b>	<b>\$ 11,350,345</b>	<b>\$ 2,175,277</b>	<b>\$ 146,792</b>	<b>(30,563,623)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes					17,321,347
Sales taxes					8,158,152
Franchise taxes					2,475,916
Other taxes					2,726,743
Motor vehicle in lieu					14,689
Investment earnings					1,809,128
Miscellaneous					2,407,840
<b>Total general revenues</b>					<b>34,913,815</b>
Change in Net Position					4,350,192
Net Position - Beginning, as restated					110,468,917
Net Position - Ending					<b>\$ 114,819,109</b>

Draft 12-12-2019

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**TOWN OF LOS GATOS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FUND FINANCIAL STATEMENTS &**  
**MAJOR GOVERNMENTAL FUNDS**

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***Fund Financial Statements***

The Fund Financial Statements only present major funds individually while nonmajor funds are combined in a single column. Major funds are generally defined as having significant activities or balances in the current year.

***Major Governmental Funds:***

The Town determined that the following funds were major funds for the year ended June 30, 2018. Individual non-major funds can be found in the supplemental section.

**General Fund** is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

**Appropriated Reserves Fund** is used to account for resources provided for capital projects not fully funded from other sources.

**TOWN OF LOS GATOS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & Investments	\$ 40,178,169	\$ 12,299,971	\$ 7,732,508	\$ 60,210,648
Restricted Cash & Investments	5,015,316	-	-	5,015,316
Receivables:				
Accounts	1,389,919	82,022	167,051	1,638,992
Interest	318,578	-	-	318,578
Intergovernmental	1,979,601	-	158,514	2,138,115
Other assets	22,821	-	-	22,821
Due from other funds	1,443	-	-	1,443
Long term notes	159,000	-	78,752	237,752
<b>Total Assets</b>	<b>\$ 49,064,847</b>	<b>\$ 12,381,993</b>	<b>\$ 8,136,825</b>	<b>\$ 69,583,665</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,052,910	\$ 1,005,965	\$ 970,902	\$ 3,029,777
Accrued payroll and benefits	1,412,428	-	3,320	1,415,748
Due to other governments	27,263	50,363	-	77,626
Unearned revenue	1,371,293	2,757,671	64,855	4,193,819
Deposits	6,857,798	-	-	6,857,798
Due to Other Funds	-	-	1,443	1,443
Compensated absences	372,628	-	-	372,628
<b>Total Liabilities</b>	<b>11,094,320</b>	<b>3,813,999</b>	<b>1,040,520</b>	<b>15,948,839</b>
<b>FUND BALANCE</b>				
Restricted for:				
Capital Outlay	-	133,169	6,562,064	6,695,233
Pension	5,015,316	-	-	5,015,316
Repairs and Maintenance	-	-	208,139	208,139
Committed to:				
Budget Stabilization	5,419,222	-	-	5,419,222
Catastrophic	5,419,222	-	-	5,419,222
CalPERS/OPEB	4,232,500	-	-	4,232,500
Almond Grove Street Project	-	2,579,997	-	2,579,997
Assigned to:				
Open Space	562,000	-	-	562,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital Projects	13,262,303	4,344,618	-	17,606,921
Carryover Encumbrances	413,729	-	-	413,729
Comcast PEG	-	50,000	-	50,000
Vehicle Maintenance & Stores Reserve	1,040,375	-	-	1,040,375
To Workers' Comp	1,232,654	-	-	1,232,654
Compensated Absences	1,232,653	-	-	1,232,653
Special Revenue Funds	-	-	326,102	326,102
<b>Total Fund Balances</b>	<b>37,970,527</b>	<b>8,567,994</b>	<b>7,096,305</b>	<b>53,634,826</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 49,064,847</b>	<b>\$ 12,381,993</b>	<b>\$ 8,136,825</b>	<b>\$ 69,583,665</b>

**TOWN OF LOS GATOS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE GOVERNMENT-WIDE STATEMENT OF NET POSITION-GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2019**

<b>Fund Balance - Total Governmental Funds</b>		\$ 53,634,826
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:		
<b>CAPITAL ASSETS</b>		
Capital assets used in the Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.		107,542,588
<b>ALLOCATION OF INTERNAL SERVICE FUND NET POSITION</b>		
Internal service funds are used by management to charge the cost of management of certain activities such as insurance, central services and maintenance to individual governmental funds. The net current assets of the internal service funds are therefore included as Governmental Activities in the Statement of Net Position.		8,454,443
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Contributions subsequent to the measurement date will not be included in the calculation of the Town's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.		11,114,713
<b>DEFERRED INFLOWS OF RESOURCES</b>		
In the Government-Wide financial statements certain pension amounts are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded.		(1,827,262)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Contributions subsequent to the measurement date will not be included in the calculation of the Town's net OPEB liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.		2,406,636
<b>DEFERRED INFLOWS OF RESOURCES</b>		
In the Government-Wide financial statements certain OPEB amounts are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded.		(358,232)
<b>LONG-TERM LIABILITIES</b>		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		
Net Pension Liability	\$ (53,627,829)	
Net OPEB Liability	(10,055,468)	
Compensated absences	(2,465,306)	(66,148,603)
<b>Net Position - Governmental Activities</b>		<b>\$ 114,819,109</b>

**TOWN OF LOS GATOS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 17,321,344	\$ -	\$ 38,091	\$ 17,359,435
Sales Taxes	8,158,152	-	-	8,158,152
Other Taxes	2,698,352	-	28,390	2,726,742
Licenses & Permits	4,586,788	181,691	405,397	5,173,876
Intergovernmental	950,380	30,582	1,329,693	2,310,655
Charges for Services	4,643,715	595,509	345,280	5,584,504
Fines and Forfeitures	510,266	-	-	510,266
Franchise Fees	2,475,916	-	-	2,475,916
Interest	1,682,347	44,161	82,656	1,809,164
Use of Property	32,960	-	-	32,960
Other	562,714	17,041	-	579,755
<b>Total Revenues</b>	<b>43,622,934</b>	<b>868,984</b>	<b>2,229,507</b>	<b>46,721,425</b>
<b>EXPENDITURES</b>				
Current:				
General Government	8,004,254	-	-	8,004,254
Public Safety	14,945,407	-	-	14,945,407
Parks and Public Works	7,934,869	-	27,266	7,962,135
Community Development	4,577,495	-	-	4,577,495
Library Services	2,493,617	-	-	2,493,617
Sanitation and Other	-	-	628,240	628,240
Capital Outlay	38,307	6,860,026	990,581	7,888,914
<b>Total Expenditures</b>	<b>37,993,949</b>	<b>6,860,026</b>	<b>1,646,087</b>	<b>46,500,062</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,628,985</b>	<b>(5,991,042)</b>	<b>583,420</b>	<b>221,363</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sales of assets	1,912,316	-	-	1,912,316
Transfers in	1,578,911	2,685,220	-	4,264,131
Transfers (out)	(2,785,220)	(427,616)	(110,920)	(3,323,756)
<b>Total Other Financing Sources (Uses)</b>	<b>706,007</b>	<b>2,257,604</b>	<b>(110,920)</b>	<b>2,852,691</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>6,334,992</b>	<b>(3,733,438)</b>	<b>472,500</b>	<b>3,074,054</b>
<b>BEGINNING FUND BALANCES, AS RESTATED</b>	<b>31,635,535</b>	<b>12,301,432</b>	<b>6,623,805</b>	<b>50,560,772</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 37,970,527</b>	<b>\$ 8,567,994</b>	<b>\$ 7,096,305</b>	<b>\$ 53,634,826</b>

**TOWN OF LOS GATOS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO**  
**THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 3,074,054</b>
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>		
<b>CAPITAL ASSET TRANSACTIONS</b>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets (additions)	\$ 9,275,428	
Proceeds from sale of assets	(1,912,316)	
Gain on sale of assets	1,864,810	
Current Year Depreciation	<u>(3,783,509)</u>	5,444,413
<b>OPEB PLAN CONTRIBUTIONS AND EXPENSE</b>		
<p>In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		523,623
<b>PENSION PLAN CONTRIBUTIONS AND EXPENSE</b>		
<p>In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the Government-Wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		(5,961,900)
<b>ALLOCATION ON INTERNAL SERVICE FUND ACTIVITY</b>		
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>		1,612,796
<b>COMPENSATED ABSENCES EXPENSE</b>		
<p>In governmental funds, compensated absences such as vacations and sick leave are expenditures when taken. However, in the Government-Wide Statement of Activities, the current year change in the compensated absences liability is reported.</p>		<u>(342,794)</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 4,350,192</u></u>

**TOWN OF LOS GATOS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 15,989,131	\$ 16,718,348	\$ 17,321,344	\$ 602,996
Sales Taxes	7,744,208	7,629,879	8,158,152	528,273
Other Taxes	2,279,500	2,629,500	2,698,352	68,852
Franchise Fees	2,386,910	2,386,910	2,475,916	89,006
Licenses & Permits	4,961,199	4,961,199	4,586,788	(374,411)
Intergovernmental	685,759	845,718	950,380	104,662
Charges for Services	4,491,868	4,596,416	4,643,715	47,299
Fines and Forfeitures	631,400	631,400	510,266	(121,134)
Interest	267,806	267,806	1,682,347	1,414,541
Use of Property	31,959	31,959	32,960	1,001
Other	445,308	466,308	562,714	96,406
<b>Total Revenues</b>	<b>39,915,048</b>	<b>41,165,443</b>	<b>43,622,934</b>	<b>2,457,491</b>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Town Council	223,036	230,280	205,903	24,377
Town Attorney	556,183	597,768	562,542	35,226
Administrative Services	4,290,959	4,641,901	3,931,807	710,094
Non-Departmental	7,015,300	7,043,251	3,304,002	3,739,249
<b>Total General Government</b>	<b>12,085,478</b>	<b>12,513,200</b>	<b>8,004,254</b>	<b>4,508,946</b>
Public Safety	14,976,514	15,713,469	14,945,407	768,062
Community Development	5,583,158	5,786,501	4,577,495	1,209,006
Parks & Public Works	7,626,361	8,619,883	7,934,869	685,014
Library Services	2,556,267	2,684,979	2,493,617	191,362
Capital Outlay	-	-	38,307	(38,307)
<b>Total Expenditures</b>	<b>42,827,778</b>	<b>45,318,032</b>	<b>37,993,949</b>	<b>7,324,083</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(2,912,730)</b>	<b>(4,152,589)</b>	<b>5,628,985</b>	<b>9,781,574</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	1,000	1,906,000	1,912,316	6,316
Transfers In	538,536	538,536	1,578,911	1,040,375
Transfers Out	(2,785,220)	(2,785,220)	(2,785,220)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,246,684)</b>	<b>(2,246,684)</b>	<b>706,007</b>	<b>1,046,691</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (5,159,414)</b>	<b>\$ (6,399,273)</b>	<b>6,334,992</b>	<b>\$ 10,828,265</b>
<b>BEGINNING FUND BALANCE</b>			<b>31,635,535</b>	
<b>ENDING FUND BALANCE</b>			<b>\$ 37,970,527</b>	

**TOWN OF LOS GATOS, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS**

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Internal service funds account for Town operations financed and operated in a manner similar to a private business enterprise. The intent of the Town is that the cost of providing goods and services to other Town funds be financed through user charges to those funds.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town departments or programs that generated them, thus eliminating internal service funds.

**TOWN OF LOS GATOS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019**

	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>	
Cash & investments	\$ 9,671,877
Restricted cash & investments	99,337
Accounts Receivable	111,495
Total Assets	9,882,709
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	319,891
Due to other governments	142
Total current liabilities	320,033
Noncurrent liabilities:	
Claims payable	1,108,233
Total noncurrent liabilities	1,108,233
Total Liabilities	1,428,266
<b>NET POSITION</b>	
Restricted for workers compensation claims	99,337
Unrestricted	8,355,106
Total Net Position	\$ 8,454,443



**TOWN OF LOS GATOS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 3,678,124
Interest	8
Use of money and property	229,559
Other local taxes	28,390
Other	556,696
	<hr/>
Total Operating Revenues	4,492,777
	<hr/>
<b>OPERATING EXPENSES</b>	
Salaries and related expenses	413
Depreciation	558
Services and Supplies	4,145,774
	<hr/>
Total Operating Expenses	4,146,745
	<hr/>
Operating Income	346,032
Transfer of net position to General Fund	(1,040,375)
Transfer of pension amounts to General Fund	2,207,139
Transfers in (Note 4)	450,000
Transfers out (Note 4)	(350,000)
Net transfers	1,266,764
	<hr/>
Change in Net Position	1,612,796
	<hr/>
<b>BEGINNING NET POSITION</b>	6,841,647
	<hr/>
<b>ENDING NET POSITION</b>	<u>\$ 8,454,443</u>

**TOWN OF LOS GATOS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,519,095
Payments to suppliers	(4,060,882)
Payments to employees	(2,243,024)
Claims paid	(495,834)
Net cash provided (used) by operating activities	<u>(2,280,645)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers In/(Out)	<u>1,266,764</u>
Net cash provided (used) by noncapital financing activities	<u>1,266,764</u>
Net Increase(Decrease) in Cash and Investments	(1,013,881)
Cash and investments - beginning of year	<u>10,785,095</u>
Cash and investments - end of year	<u><u>\$ 9,771,214</u></u>
<b>FINANCIAL STATEMENT PRESENTATION</b>	
Cash & investments	\$ 9,671,877
Restricted cash & investments	<u>99,337</u>
Total	<u><u>\$ 9,771,214</u></u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating Income	\$ 346,032
Adjustments to reconcile operating income to cash flows from operating activities:	
Depreciation	558
Change in assets and liabilities:	
Receivables, net	26,318
Material and supplies	28,011
Deferred outflows of resources	588,282
Net pension liabilities	(2,748,907)
Deferred inflows of resources	(46,460)
Accounts payable	56,739
Accrued payroll and benefits	(35,526)
Claims payable	(495,834)
Due to other government	<u>142</u>
Cash Flows From Operating Activities	<u><u>\$ (2,280,645)</u></u>

**TOWN OF LOS GATOS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FIDUCIARY FUNDS**

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Trust funds are used to account for assets held by the Town as a trustee agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**Library Private Purpose Trust Fund** was established to provide for the servicing of donations and bequests to the Town's Library Program.

**RDA Successor Agency Private Purpose Trust Fund** was established to account for the assets and liabilities transferred from the dissolution of the Town's former Redevelopment Agency and the continuing operations related to existing Redevelopment Agency obligations.

**TOWN OF LOS GATOS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019**

	<u>Total Private Purpose Trust Funds</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 2,262,128
Restricted cash and investments (Note 2)	2,003,810
Accounts receivable	8,750
Loans receivable (Note 3)	575,425
Capital assets (Note 5):	
Nondepreciable	5,257,422
Depreciable, net of accumulated depreciation	<u>1,525,393</u>
Total Assets	<u>11,632,928</u>
<b>LIABILITIES</b>	
Accounts payable	3,184
Due to other governments (Note 13)	112
Interest payable	306,297
Long-term debt (Note 6):	
Due within one year	1,195,000
Due in more than one year	<u>15,749,200</u>
Total Liabilities	<u>17,253,793</u>
<b>NET POSITION</b>	
Held in trust	<u>(5,620,865)</u>
Total Net Position	<u>\$ (5,620,865)</u>

**TOWN OF LOS GATOS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Total Private Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Property taxes	\$ 1,945,763
Investment earnings	53,998
Gifts, bequests and endowments	82,213
Other	1,909,073
Total Additions	3,991,047
<b>DEDUCTIONS</b>	
Program expenses of former RDA	1,920,655
Interest and fiscal agency expenses of RDA	701,449
Library services	69,029
Capital outlay	21,048
Depreciation expense	101,692
Total Deductions	2,813,873
<b>CHANGE IN NET POSITION</b>	1,177,174
<b>NET POSITION - BEGINNING OF YEAR</b>	(6,798,039)
<b>NET POSITION - END OF YEAR</b>	\$ (5,620,865)

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**Notes to Basic Financial Statements**

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Financial Reporting Entity**

The Town of Los Gatos (the "Town") operates under a Council-Manager form of government and provides the following services: public safety (including police and emergency management), parks and public works, community development, library, public improvements, planning and zoning, and general administration services. Redevelopment services were provided primarily through the Redevelopment Agency of the Town which was dissolved on February 1, 2012.

The Town is largely a residential community located in the foothills of the Santa Cruz Mountains and was incorporated as a municipal corporation in 1887. The Town's population as of January 1, 2019 was 30,988.

As required by generally accepted accounting principles, these financial statements present the Town as the Primary Government and any component units for which the Town is considered financially accountable.

**B. Description of Blended Component Units**

The Town did not report any component units as a part of the primary government because the Town Council was not the governing body of any entities and no separate entity provided services solely to the Town.

**C. Description of Joint Ventures and Public Entity Risk Pool**

As described in Note 11, the Town participates in two joint ventures and public entity risk pool activities through formally organized separate legal entities. The financial activities of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) and the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) are not included in the accompanying basic financial statements as boards are separate from and independent of the Town administration.

**D. Basis of Presentation**

The Town's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

These Statements require that the financial statements described below be presented.



**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements present *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meet the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary* and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated funds and reported as non-major funds.

Internal service funds of the Town (which provide services primarily to other funds of the Town) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program in the Statement of Activities.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

**E. Major Funds**

GASB defines major funds and requires that the Town's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The Town reported the following major governmental funds in the accompanying financial statements:

**General Fund** is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

**Appropriated Reserves Fund** is used to account for resources provided for capital projects not fully funded from other sources.

The Town also reports the following fund types:

**Internal Service Funds** are used to account for services, which are provided to other departments on a cost-reimbursement basis. Those services include workers compensation, self-insurance, stores, vehicle maintenance, building maintenance, information technology (called management information systems), and equipment replacement.

**Fiduciary Funds** include Private-Purpose Trust Funds used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of this fund are excluded from the government-wide financial statement but are presented in a separate Fiduciary Fund financial statement.

The Town reported the following Fiduciary Funds in the accompanying financial statements:

**Library Private Purpose Trust Fund** provides for the servicing of donations and bequests to the Town's Library Program and includes the following:

- **History Project Private Purpose Trust Fund** was established to provide for the servicing of donations, bequests, grant monies and expenditures to the history project partnership of Los Gatos Public Library and the Museum of Los Gatos.
- **Clelles Ness Private Purpose Trust Fund** was established by Ansten R. Ness, M.D. and the Board of Library Trustees for the Town of Los Gatos, as a memorial to his wife, Clelles Ness to use the income and principal of the trust estate to provide materials and services not ordinarily available from public funds.
- **Susan E. (Betty) McClendon Private Purpose Trust Fund** is a bequest to the Los Gatos Public Library from the estate of Susan McClendon was established to be used solely for children's services.
- **Barberra J. Cassin Private Purpose Trust Fund** is a bequest to the Town from the estate of Barberra J. Cassin was established to be distributed to the Los Gatos Public Library for the purpose of establishing an endowment fund, which is to be used for the support of science, the arts and humanities projects.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**RDA Successor Agency Private Purpose Trust Fund** accounts for the assets, liabilities and operations transferred from the dissolution of the Town's Redevelopment Agency, which includes the following:

- Certificates of Participation issued to finance several capital improvement projects throughout the Town.
- Redevelopment projects and related property tax revenue.
- Affordable Housing Set-Aside Program obligations.
- Repayment of obligations incurred by the Town's Redevelopment Agency prior to its dissolution.

**Pension Trust Fund** accounts for the assets accumulated for the purpose of funding future increases in pension contribution

**F. Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers property tax revenues reported in the governmental funds to be available if the revenues are collected or are reasonably expected to be collected within sixty days after year-end. For revenues other than property taxes, the Town generally applies the sixty-day period rule but would make exceptions considering the *measurable* and *available* criteria. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized upon becoming due and payable; and except for claims, judgments and compensated absences, which are recognized when estimable and probable. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, and interest revenue. Fines, forfeitures, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the Town gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The Town may fund programs with a combination of cost-reimbursement grants, categorical block grants and/or general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs followed by general revenues as necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The Town applies all applicable GASB pronouncements for certain accounting and financial reporting guidance including those applicable to accounting and reporting for proprietary operations. In December of 2010, GASB issued *GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

**Pension** - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**Cash and Cash Equivalents** - The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State of California statutes and the Town's investment policy authorize the Town to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, collateralized, non-negotiable certificates of deposits, commercial paper rated A-1/P-1, medium-term corporate notes rated A or its equivalent or better by Moody's or Standard & Poor's, asset backed corporate notes, bankers' acceptances, mutual funds, and the Treasurer's investment pool (Local Agency Investment Fund).

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The Town does not enter into repurchase or reverse repurchase agreements.

**Investments** - Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- **Market approach** - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- **Cost approach** - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- **Income approach** - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

**Materials, Supplies and Deposits** - These assets are held for consumption and are stated at cost using the first-in, first-out method. The costs are recorded as expenditures at the time the item is consumed.

**Interfund Receivables and Payables** - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/advances from other funds". All other outstanding balances between funds are reported as "due to/from other funds".

**Advances** - Advances between funds are offset by a nonspendable fund balance in applicable Town funds to indicate the extent to which they are not available for appropriation and are not expendable available financial resources.

**Capital Assets** - Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital assets, including infrastructure, are recorded if acquisition or construction costs exceed \$10,000.

As required by GASB, the Town depreciates capital assets with limited useful lives over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. The Town depreciates using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The Town has assigned the useful lives listed below to capital assets:

Buildings	25-40 years
Improvements	25-40 years
Machinery and equipment	2-20 years
Furniture and fixtures	5-12 years
Software	5-7 years
Infrastructure	20-40 years

Major capital outlay for capital assets and improvements are capitalized as projects are constructed.

Capital assets may be acquired using federal and state grants, contributions from developers, and contributions or grants from other governments. GASB 34 requires that these contributed assets be accounted for as revenue at the time they are contributed.

**Deferred Compensation Plan** - The Town established a deferred compensation plan created in accordance with California Government Code Section 53212 and Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Deferred compensation plans are not reported as part of the Town's assets or liabilities, as the deferred compensation plan trustees hold those funds in trust on behalf of employees until the employees are eligible to receive the benefits.

**Compensated Absences** - Accumulated Vacation, Sick Pay and Other Employee Benefits are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Sick leave earned is cashed out based on the following schedule for employees with at least 150 hours accrued and up to a maximum amount as specified under labor contract provisions:

For employees under contract 1-59 months	25.0%
For employees under contract 60-119 months	37.5%
For employees under contract 120 months or more	50.0%

The Town's liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as liabilities of each fund; the long-term portion is recorded in the Statement of Net Position. The changes of the compensated absences were as follows:

Beginning Balance	\$ 2,445,237
Addition	2,140,474
Payments	<u>(1,747,777)</u>
Ending Balance	<u>\$ 2,837,934</u>
Compensated Absences Current Portion	<u>\$ 372,628</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General fund. Only compensated absences related to planned retirements are reported in the fund financial statements.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Unearned Revenue** - Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

**Long-Term Liabilities** - In the government-wide financial statements and private-purpose trust funds long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Deferred Inflows of Resources** - Deferred outflows of resources is a consumption of net position by the Town that is applicable to a future reporting period, for example, contributions to pension and OPEB plans that are after the actuarial measurement date.

Deferred inflows of resources is an acquisition of net position by the Town that is applicable to a future reporting period, for example, unavailable revenue.

**Net Position** - In the government-wide financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets** - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

**Restricted Net Position** - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted Net Position** - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**Fund Balances** - The Town does not have a policy identifying a minimum unassigned fund balance. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the remaining fund balances are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Non-spendable** includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

**Restricted** includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Committed** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through Council Resolution which is a formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the Town Council.

**Assigned** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Manager or the Finance Director.

**Unassigned** includes fund balances within the funds which have not been classified within the above mentioned categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

**Subsequent Events** - Management has considered subsequent events through **DATE**, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

**Property Tax Levy, Collection and Maximum Rates** - State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts.



**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue and receivables when they are collected during the fiscal year of levy or within 60 days of year-end.

**Budgets and Budgetary Accounting** - The Town follows the procedures below when establishing the budgetary data reflected in the financial statements:

1. The Town Manager submits to the Town Council a proposed operating and capital improvement budget for the fiscal year commencing the following July 1. The budgets include the proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through adoption of Town resolution by Council.
4. The Town Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund, the Town Manager may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget, whereas the Town Council must authorize budget increases and decreases, and transfers between funds.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles except for proprietary funds which budget for capital outlays but not depreciation. Budgets were adopted for the General Fund, Special Revenue Funds, Internal Service Funds and Capital Projects Funds.
6. Budgeted amounts are as originally adopted or as amended by Town Council. Individual amendments were not material in relation to original appropriations.

**Excess of Expenditures over Appropriations** - There were no significant expenditures in excess of budget during for the year ended June 30, 2019.

**Encumbrances** - Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Encumbrances outstanding at year-end are reported as restrictions, commitments or assignments of fund balances since they do not constitute expenditures or liabilities; unexpended and unencumbered appropriations lapse at year end in all funds. Encumbered appropriations are carried forward to the following year.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Reclassifications** - Certain accounts in the prior-year financial statements have been reclassified for the presentation in the current-year financial statements.

**G. Accounting and Reporting Changes**

- GASB Statement No. 83, Certain Asset Retirement Obligations – The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this statement did not apply to the Town for the current fiscal year.
- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this statement did not apply to the Town for the current fiscal year.
- GASB Statement No. 84, Fiduciary Activities – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town implemented this statement in the fiscal year ending June 30, 2019 by combining the Pension Trust Fiduciary Fund with the General Fund.

**NOTE 2 - CASH AND INVESTMENTS**

The Town pools cash from all sources and all funds except Restricted Cash and Restricted Investments so that it can be invested at the maximum yield, consistent with safety and liquidity, while existing funds have cash available for expenditures.

**Cash and Investments Defined** - The Town includes only cash deposits in banks as cash. Investments in LAIF and government securities mutual funds are next in the order of liquidity, since they may be withdrawn without penalty. U.S. Treasuries, U.S. Agencies and Certificates of Deposit are the Town's least liquid investments, since they must be held to maturity.

**Cash Deposits with Banks and Custodial Credit Risk** - California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the Town's cash on deposit, first trust deed mortgage notes with a value of 150% of the deposit, or letters of credit issued by the Federal Home Loan Bank of San Francisco with a value of 100% of the deposit as collateral. Under California Law this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The Town's cash deposits are collateralized under this law.

The bank balance of the Town's cash deposits was \$13,359,592 and the book balance was \$13,380,172 as of June 30, 2019. The bank balance and the carrying amount differed due to deposits in transit and outstanding checks.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 2 - CASH AND INVESTMENTS, CONTINUED**

**Investments** - The Town and its fiscal agent invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called "securities instruments," or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, the Town employs the Trust department of a bank as the custodian of all its investments, regardless of their form.

**Fair Value Measurements** - GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

**Local Agency Investment Fund (LAIF)** - The Town invests in the California State Treasurer's Local Agency Investment Fund. LAIF, established in 1977, is regulated by California Government Code Section 16429 and is under the day to day administration of the State Treasurer. As of June 30, 2019, the Town had approximately \$6.4 million in LAIF. Of that amount, 98.23% is invested in non-derivative financial products and 1.77% in structured notes and asset-backed securities. These investments are described as follows:

1. **Structured Notes** are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
2. **Asset-Backed Securities**, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

**Risk Disclosures**

**Interest Rate Risk** is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided in the summary of cash and investments table on the following page that shows the distribution of the Town's investments by maturity.

**Credit Risk** is the risk of loss due to the failure of the security issuer. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of cash and investments table on the following page shows the minimum rating under the actual rating of the Town's investments at year end.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS, CONTINUED**

**Risk Disclosures, Continued**

*Custodial Credit Risk* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's money market fund and investment in LAIF are not categorized as to custodial credit risk. Its U.S. Government Agency Securities investment is held by a third-party financial institution under the third party's trust department's name and thus not exposed to custodial credit risk.

*Concentration of Credit Risk* is the risk that the Town's investments are exposed because the types of investments have been too limited. The Town's Policy states that, with the exception of US Treasury securities and LAIF, no more than 50% of the Town's total investment portfolio will be invested in one single security type or with a single financial institution. The Town was in compliance with this policy as of June 30, 2019.

The following table summarizes the Town's policy related to maturities and concentration of investments:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Portfolio Percentage</u>
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	N/A	65m
Money Market Funds	N/A	20%

The following is a summary of the Town's Cash and Investments (stated at fair value) as of June 30, 2019:

<u>Investment Type/Cash Deposit</u>	<u>Available for Operations</u>	<u>Restricted</u>	<u>Total</u>	<u>Concentration of Credit Risk</u>	<u>Minimum Rating</u>	<u>Input level</u>	<u>Time to Mature (Years)</u>	<u>Weighted Average Maturity</u>
US Treasury Securities	\$14,697,063	\$ -	\$14,697,063	25.02%	Aaa	2	0-2	0.64 years
US Instrumentality Security	30,897,721	-	30,897,721	52.60%	Aaa	2	0-4	0.85 years
Corporate Securities	6,692,423	-	6,692,423	11.39%	A1	2	0-3	0.72 years
Government Securities Money Market Mutual funds	29,757	-	29,757	0.05%	Not Rated	2	n/a	n/a
LAIF	6,425,281	-	6,425,281	10.94%	Not Rated	n/a	n/a	n/a
<b>Total investments</b>	<b>58,742,245</b>	<b>-</b>	<b>58,742,245</b>	<b>100.00%</b>				
Cash Deposit with Banks	13,380,172	99,337	13,479,509					
Money Market Accounts	17,384	2,003,810	2,021,194					
Investment held in pension trust		5,015,316	5,015,316					
Cash on hand at Town	4,850	-	4,850					
<b>Town Cash and Investments</b>	<b>\$72,144,651</b>	<b>\$ 7,118,463</b>	<b>\$79,263,114</b>					

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS, CONTINUED**

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.

	Total Town	Fiduciary Funds	Total
Cash and Investments available for operations	\$ 69,882,523	\$ 2,262,128	\$ 72,144,651
Restricted cash and investments	5,114,653	2,003,810	7,118,463
Total cash and investments	<u>\$ 74,997,176</u>	<u>\$ 4,265,938</u>	<u>\$ 79,263,114</u>

**NOTE 3 - LONG-TERM NOTES RECEIVABLE**

The Town had the following long-term notes receivable as of June 30, 2019 :

Description	Interest Rate	Maturity	Balance
<b>General Fund:</b>			
Rehab Loan to Charities	Various	Various	\$ 159,000
Total General Fund			<u>159,000</u>
<b>Community Development Block Grant Fund (CDBG):</b>			
Housing Conservation Loans	0-5%	Various	78,752
Total CDBG			<u>78,752</u>
Total Long Term Notes Receivable - Government-Wide Statement of Net Position			<u>237,752</u>
<b>Successor Agency Affordable Housing</b>			
Project Match	Various	Various	575,425
Total Long Term Notes Receivable			<u>\$ 813,177</u>

**Active Home Loans and Housing Conservation Loans** - The Town used CDBG Funds (funded through federal grants) to assist low and moderate income homeowners to improve their homes and to fund low income housing rental properties acquisition and rehabilitation. These loans are secured by deeds of trust.

**Project Match** - The Successor Agency has a loan agreement with Project Match, a nonprofit benefit corporation, to acquire and rehabilitate four- or five-bedroom single-family homes. The property is to provide affordable housing rental to very low income senior households. The loan receivable is evidenced by a promissory note and secured by a deed of trust. From inception of the loan through June 30, 2019, no interest or principal payments have been made.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 - INTERFUND TRANSACTIONS**

**Interfund Receivables and Payables** - Amounts due to or due from other funds reflect interfund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

**Transfers** - With Council approval resources may be transferred from one fund to another. Transfers pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 1,578,911	\$ 2,785,220
Appropriated Reserve Fund	2,685,220	427,616
Non-major Gov't Funds		110,920
Internal Service Funds	450,000	1,390,375
Total Transfers	<u>\$ 4,714,131</u>	<u>\$ 4,714,131</u>

**NOTE 5 - CAPITAL ASSETS**

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

	Balance at June 30, 2018	Adjustments and Additions	Transfers and Retirements	Balance at June 30, 2019
<b>Capital Assets not being Depreciated</b>				
Land	\$ 20,333,684	\$ -	\$ (38,874,000)	\$ 20,294,810
Construction in Progress	10,564,654	4,988,969	(1,835,617)	13,718,006
Total Capital Assets not being Depreciated	<u>30,898,338</u>	<u>4,988,969</u>	<u>(1,874,491)</u>	<u>34,012,816</u>
<b>Capital Assets being Depreciated</b>				
Buildings and Improvements	29,690,945	381,878	106,149	30,178,972
Equipment & Vehicle	11,420,005	324,675	(259,919)	11,484,761
Infrastructure - All Other	22,718,449	827,530	1,729,468	25,275,447
Infrastructure - Streets	60,665,806	2,752,376	(403,382)	63,014,800
Total Capital Assets being Depreciated	<u>124,495,205</u>	<u>4,286,459</u>	<u>1,172,316</u>	<u>129,953,980</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	7,276,863	646,383		7,923,246
Equipment & Vehicle	8,459,985	618,571	(251,288)	8,827,268
Infrastructure - All Other	5,734,439	697,195	-	6,431,634
Infrastructure - Streets	31,823,527	1,821,915	(403,382)	33,242,060
Total accumulated depreciation	<u>53,294,814</u>	<u>3,784,064</u>	<u>(654,670)</u>	<u>56,424,208</u>
Net Capital Assets being Depreciated	<u>71,200,391</u>	<u>502,395</u>	<u>1,826,986</u>	<u>73,529,772</u>
<b>Governmental Activity Capital Assets, Net</b>	<u>\$ 102,098,729</u>	<u>\$ 5,491,364</u>	<u>\$ (47,505)</u>	<u>\$ 107,542,588</u>

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 - CAPITAL ASSETS, CONTINUED**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amount allocated to each function or program is as follows:

Governmental Activities	Depreciation Expense
General Government	\$ 180,838
Community Services	53,828
Public Safety	474,004
Parks & Public Works	2,658,132
Library	376,926
Sanitation	40,336
Total Governmental Activities	\$ 3,784,064

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

	Balance at June 30, 2018	Adjustments and Additions	Transfers and Retirements	Balance at June 30, 2019
Capital Assets not being Depreciated				
Land	\$ 5,257,422	\$ -	\$ -	\$ 5,257,422
Total Capital Assets not being Depreciated	5,257,422	-	-	5,257,422
Capital Assets being Depreciated				
Buildings and Improvements	4,067,708	-	-	4,067,708
Total Capital Assets being Depreciated	4,067,708	-	-	4,067,708
Less Accumulated Depreciation for:				
Buildings and Improvements	2,440,624	101,691	-	2,542,315
Total accumulated depreciation	2,440,624	101,691	-	2,542,315
Net Capital Assets being Depreciated	1,627,084	(101,691)	-	1,525,393
<b>Successor Agency Capital Assets, Net</b>	\$ 6,884,506	\$ (101,691)	\$ -	\$ 6,782,815

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 - LONG-TERM OBLIGATIONS**

The Town generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. As of February 1, 2012, the Town transferred long-term debt issued by the Redevelopment Agency to the Successor Agency trust as a part of the RDA dissolution. The following summarizes the changes in long-term debt in the Successor Agency trust fund during the fiscal year ended June 30, 2019:

Long Term Debt	Interest Rate	Maturity Date	Original Issue	Beginning Balance	Deletion	Ending Balance	Due Within One Year	Due in More Than One Year
2002 COP	2.5 -5%	8/1/2031	\$10,725,000	\$ 6,780,000	\$ 350,000	\$ 6,430,000	\$ 365,000	\$ 6,065,000
2010 COP	2.5 - 4.25%	8/1/2028	15,675,000	10,900,000	800,000	10,100,000	830,000	9,270,000
Subtotal COP			26,400,000	17,680,000	1,150,000	16,530,000	1,195,000	15,335,000
Premiums			735,095	451,855	37,655	414,200	-	414,200
Total Long-Term Debt			<u>\$27,135,095</u>	<u>\$18,131,855</u>	<u>\$ 1,187,655</u>	<u>\$16,944,200</u>	<u>\$ 1,195,000</u>	<u>\$15,749,200</u>

**2002 Certificates of Participation (2002 COPs)** - On July 18, 2002, the Town and the Los Gatos Redevelopment Agency issued \$10,725,000 in 2002 COPs, Series A, to finance the acquisition, construction, rehabilitation, equipping and improvement of several capital improvement projects. The Town had pledged lease payments of real property and facilities comprised of the Parks and Public Works Service Center and Baseball Field, as well as Parking Lot No. 1, 2, and 3, as collateral for the repayment of the Certificates. Principal payments are due annually on August 1st, with interest payments due semi-annually on February 1st and August 1st.

**2010 Certificates of Participation (2010 COPs)** - On June 1, 2010, \$15,675,000 of 2010 COPs were issued to finance the acquisition, construction, and improvement of a library on the Town's Civic Center campus, to be owned and operated by the Town. Principal payments are due annually on August 1, with interest payments due semi-annually on February 1 and August 1.

To assist the Town in paying the cost of acquisition and construction of various projects, the Town and its Redevelopment Agency entered into lease and reimbursement agreements in 2002 and 2010. Under the agreements, the Agency will use available net tax increment revenues resulting from the projects' effect on land values to repay the Town for all lease payments made by the Town to the Agency under the lease agreements for the projects. Net tax increment revenues are all taxes allocated to and paid into the Successor Agency private-purpose trust fund.

Future debt service requirements of the 2002 and 2010 Certificates of Participation are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	1,195,000	710,024	1,905,024
2021	1,250,000	658,494	1,908,494
2022	1,300,000	599,850	1,899,850
2023	1,355,000	538,713	1,893,713
2024	1,415,000	479,550	1,894,550
2025-2029	8,155,000	1,396,500	9,551,500
2030-2032	1,860,000	142,500	2,002,500
Total COP Debt Service	<u>\$ 16,530,000</u>	<u>\$ 4,525,631</u>	<u>\$ 21,055,631</u>



**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 - LONG-TERM OBLIGATIONS, CONTINUED**

The Successor Agency must maintain a required amount of cash and investments with the trustee under the terms of the COPs' debt agreements. These funds are pledged as reserves to be used if the Successor Agency fails to meet its obligations under the debt agreements and totaled \$1,961,718 as of June 30, 2019. The California Government Code requires these funds to be invested in accordance with Town ordinances, bond indentures or State statutes. All these funds have been invested as permitted under the Code.

**NOTE 7 - SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT COMMITMENT**

Special assessment districts are established in various parts of the Town to provide improvements to properties located in those districts. Properties are assessed for the cost of the improvements. These assessments are payable over the term of the debt issued to finance the improvements and are used to pay debt service on debt issued to fund the improvements.

The Town is acting only as an agent and has no legal liability with respect to the payment of any indebtedness of the Downtown Parking Assessment District. There was no non-obligated debt outstanding as of June 30, 2019.

**NOTE 8 - FUND BALANCES**

Fund balance for governmental funds is reported in classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 - FUND BALANCES, CONTINUED**

As of June 30, 2019, fund balances were classified as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Additions	Deletions	Ending Balance
<b>Restricted for</b>						
Capital Outlay	\$ 6,794,063	-	6,794,063	374,937	473,767	\$ 6,695,233
Pension	-	1,206,851	1,206,851	3,808,465	-	5,015,316
Repairs and Maintenance	198,684	-	198,684	9,455	-	208,139
<b>Committed to:</b>	-					-
Budget Stabilization	5,037,243	-	5,037,243	381,979	-	5,419,222
Catastrophic	5,037,243	-	5,037,243	381,979	-	5,419,222
CalPERS/OPEB Reserve	2,878,913	-	2,878,913	1,353,587	-	4,232,500
Almond Grove Street Project	5,571,087	-	5,571,087	-	2,991,090	2,579,997
<b>Assigned to:</b>	-					-
Open Space	562,000	-	562,000	-	-	562,000
Parking	1,460,210	-	1,460,210	-	-	1,460,210
Sustainability	140,553	-	140,553	-	-	140,553
Strategic Planning	129,090	-	129,090	-	129,090	-
Capital Projects	19,034,405	-	19,034,405	-	1,427,484	17,606,921
Carryover Encumbrances	99,927	-	99,927	313,802	-	413,729
Comcast PEG	50,000	-	50,000	-	-	50,000
Vehicle Maintenance & Stores Reserve	-	-	-	1,040,375	-	1,040,375
Workers' Compensation	-	-	-	1,232,654	-	1,232,654
Compensated Absences	2,122,512	-	2,122,512	-	889,859	1,232,653
Special Revenue Funds	237,991	-	237,991	88,111	-	326,102
Total Fund Balance - All Governmental Funds	<u>\$ 49,353,921</u>	<u>-</u>	<u>50,560,772</u>	<u>4,792,487</u>	<u>5,437,523</u>	<u>\$ 53,634,826</u>

**Restricted**

*Capital Outlay* funded from storm drain fees, construction taxes and debt proceeds are legally restricted for major capital projects.

*Repairs and Maintenance* reflects legally restricted balances for repairs and maintenance of lighting and landscape property and open space property that are financed with special tax assessments on the benefiting property.

*Pension* amounts are cash and investments held for the purpose of paying for the pension liabilities. Monies are held in an IRS Section 115 Trust over which the Town has control.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - FUND BALANCES, CONTINUED**

**Committed**

Stabilization Arrangements

The Town Council has established by resolution the budget stabilization arrangement and the catastrophe arrangement. The total balances in these arrangements are to be maintained at 25% of annual General Fund ongoing, operating expenditures, excluding one-time expenditures divided equally between both arrangements. When either arrangement is used, Town Council will develop a 1 to 5 year reserve replenishment plan to meet the minimum threshold of 25% of General Fund ongoing, operating expenditures, excluding one-time expenditures. The arrangements can be used when:

- Unforeseen emergencies, such as a disaster or catastrophic event occur
- Significant decrease in property or sales tax, or other economically sensitive revenues
- Loss of businesses considered to be significant sales tax generators
- Reductions in revenue due to actions by the state /federal government
- Workflow /technical system improvements to reduce ongoing, personnel costs and enhance customer service
- One -time maintenance of service levels due to significant economic /budget constraints
- One -time transitional costs associated with organizational restructuring to secure long-term personnel cost savings.

Should any of the events listed above occur that require the expenditure of Town resources beyond those provided for in the annual budget, the Town Manager or designee shall have authority to approve catastrophic or budget stabilization arrangement appropriations. The Town Manager or designee shall then present to the Town Council a budget amendment confirming the nature of the event and authorizing the appropriation of reserve funds.

*CalPERS/OPEB Reserve* committed fund balance will be used to fund net pension liabilities for the Town's Miscellaneous and Safety pension plans administered by CALPERS. In the fiscal year ending June 30, 2018 the Town approved an update to its General Fund reserve policy providing to the extent possible that additional annual deposits be calculated and placed into this reserve with the goal of moving the payment of the unfunded pension liability from a 29 year to a 20 year amortization period and reducing the net OPEB liability.

*Almond Grove Street Project* committed fund balance will be used for the infrastructure repairs, improvements and construction along Almond Grove Street.

**Assigned**

*Open Space* assigned fund balance will be used to make selective open space acquisitions.

*Parking* assigned fund balance will be used to mitigate parking issues within the Town.

*Sustainability* assigned fund balance will be used to fund ongoing sustainability initiatives and programs.

*Capital Projects* assigned fund balance will be used for the acquisition and construction of capital facilities.

*Carryover Encumbrances* assigned fund balance will be used for encumbered items re-appropriated in the following year.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 8 - FUND BALANCES, CONTINUED**

*Comcast PEG* assigned fund balance will be used to fund capital improvements linked to the televising of council and planning commission meetings.

*Vehicle Maintenance & Stores Reserve* assigned fund balance is to be used for maintaining the Town's fleet and providing mail and printing services.

*To Workers' Comp* assigned fund balance is to be used for future payments to employees due to illness or injury as a result of being employed by the Town.

*Compensated Absences* assigned fund balance will be used for vacation and sick-pay benefits owed to employees as of June 30, 2019 that were not an obligation of the General Fund because of their long-term nature.

*Special Revenue Fund* assigned fund balance will be used for the activities of the respective revenue funds.

**NOTE 9 - EMPLOYEES' RETIREMENT PLAN**

**Summary of Pension Amounts**

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Total Plans</u>
Deferred Employer Pension Contributions	\$ 3,008,079	\$ 2,325,357	\$ 5,333,436
Deferred Outflows - Pension Related Amounts	\$ 1,252,868	\$ 4,528,409	\$ 5,781,277
Net Pension Liability	\$ 30,902,562	\$ 22,725,267	\$ 53,627,829
Deferred Inflows - Pension Related Amounts	\$ 451,658	\$ 1,375,604	\$ 1,827,262
Pension Expense	\$ 5,381,906	\$ 3,706,315	\$ 9,088,221

**(a) General Information about the Pension Plans**

**Plan Description** - All qualified employees are eligible to participate in the Town's pooled Safety Plan, a cost-sharing multiple-employer defined benefit pension plan and the Town's Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Audited financial statements of CalPERS can be obtained from its website <https://www.calpers.ca.gov/page/forms-publications>. The Town relies upon actuarial and investment data provided by CalPERS for inclusion and analysis in this report.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, Lump Sum,

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(a) General Information about the Pension Plan, Continued**

or the 1959 Survivor Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire Date	Miscellaneous			Safety	
	Tier 1	Tier 2	PEPRA	Tier 1	PEPRA
	Prior to September 15, 2012	Prior to September 15, 2012 and before January 1, 2013 with reciprocity or member of CalPERS	On or after January 1, 2013	Before January 1, 2013 with reciprocity or member of CalPERS	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2% @ 60	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years	5 years	5 years	5 years	5 years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62	50	57
Monthly benefits as a % of eligible compensation	2% to 2.5%	1% to 2.5%	1.5% to 2.5%	3%	2% to 2.7%
Required employee contribution rates	8.00%	7.00%	7.25%	9.00%	12.75%
Required employer contribution rates	10.001%			22.346%	12.965%
Required payment of unfunded liability	\$ 1,998,006			\$1,197,652	\$4,507

**Employees Covered**

At June 30, 2019, the following employees were covered by the benefit terms for the Miscellaneous and Safety Plans:

	Miscellaneous	Safety
Active	113	37
Transferred	99	13
Separated	87	2
Retired	236	79
Total	535	131

**Contributions** – Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(b) Net Pension Liability**

The Town's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position.

For the Safety Plan, net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Town's proportion of the net pension liability (Safety Plan) was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Safety Plan as of the measurement date June 30, 2018 was as follows:

	Proportionate Share of Net Pension Liability
Proportion - June 30, 2017	0.22603%
Proportion - June 30, 2018	0.23583%
Change - Increase (Decrease)	0.00980%

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

*Actuarial Assumptions* - The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous Agent Multiple Employer Plan	Safety Cost Sharing Plan
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	

1. The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(b) Net Pension Liability, continued**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan and reflects the long-term expected rate for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS conducted cash flow projections for plans with a higher likelihood of running out of assets with too high of a discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Long-term Expected Rate of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(b) Net Pension Liability, continued**

In addition to the long-term real rate of return by asset class table provided above the following table shows the historical geometric mean annual returns of the Public Employees Retirement Fund (PERF) for various time periods ending June 30, 2018 (figures are reported gross of fees).

History of CalPERS Geometric Mean Rates					
	1 year	5 year	10 year	20 year	30 year
Geometric Return	8.6%	7.9%	5.7%	6.0%	8.3%

**(c) Changes in the Net Pension Liability**

The change in the Net Pension Liability for the Miscellaneous Plan follows:

Miscellaneous Plan	Total Pension Liability	Fiduciary Net Pension	Net Pension Liability
Beginning Balance	\$ 100,469,377	\$ 69,680,823	\$ 30,788,554
Service Costs	1,700,438		1,700,438
Interest on Total Pension Liability	7,073,843		7,073,843
Changes of Assumptions	(655,541)		(655,541)
Difference Between Actual and Expected Experience	994,994		994,994
Net Plan to Plan Resource Movement		(170)	170
Employer Contributions		2,669,104	(2,669,104)
Employee Contributions		761,705	(761,705)
Net Investment Income		5,883,868	(5,883,868)
Employee Contribution Refunds and Benefit Payments	(5,448,374)	(5,448,374)	-
Administrative Expenses		(108,582)	108,582
Other Miscellaneous Income		(206,199)	206,199
Net Changes	3,665,360	3,551,352	114,008
Ending Balance	\$ 104,134,737	\$ 73,232,175	\$ 30,902,562

For the measurement period ended June 30, 2018, the Town contributed \$1,951,711 for the safety Cost-Sharing Plan.

As of June 30, 2019, the Town reported net pension liabilities for its proportionate share of the net pension liability of the safety Cost-Sharing Plan of \$22,725,267.



**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(c) Changes in the Net Pension Liability, Continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Town for each plan, calculated using the discount rate for the Plan, as well as what the Local Government's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Sensitivity to Changes in the Discount Rate	Miscellaneous Agent Multiple Employer Plan	Safety Cost Sharing Plan	Total
1% Decrease (6.15%) Net Pension Liability	\$ 44,320,856	\$ 35,022,750	\$ 79,343,606
Current Discount Rate (7.15%) Net Pension Liability	\$ 30,902,562	\$ 22,725,267	\$ 53,627,829
1% Increase (8.15%) Net Pension Liability	\$ 19,825,605	\$ 12,649,681	\$ 32,475,286

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in a separately issued CalPERS financial report.

**(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$5,381,906 for the Miscellaneous Agent Multiple Employer Plan and \$3,706,315 for the Safety Cost Sharing Plan. The Town recognized total pension expense for all plans of \$9,088,221.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources for the Miscellaneous Agent Multiple Employer Plan:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,008,079	\$ -
Changes in assumptions	498,312	(370,523)
Difference between expected and actual experiences	562,388	(81,135)
Net differences between projected and actual earnings on plan investments	192,168	-
Totals	<u>\$ 4,260,947</u>	<u>\$ (451,658)</u>

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

\$3,008,079 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,478,926
2020	244,420
2021	(724,237)
2022	(197,899)
2023	-
Thereafter	-

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Cost Sharing Plan:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,325,357	\$ -
Changes in assumptions	2,229,745	(300,832)
Difference between expected and actual experiences	488,289	(1,852)
Changes in employer's proportion	1,656,514	(154,538)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(918,382)
Net differences between projected and actual earnings on plan investments	153,861	-
Totals	<u>\$ 6,853,766</u>	<u>\$ (1,375,604)</u>

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - EMPLOYEES' RETIREMENT PLAN, CONTINUED**

**(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

\$2,325,357 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year end June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 2,754,778
2021	1,113,929
2022	(558,497)
2023	(157,407)
2024	-
Thereafter	

**(e) Payable to the Pension Plan**

At June 30, 2019, the Town reported a payable of \$83,235 and \$54,145 for the outstanding amount of contributions to the Miscellaneous Agent Multiple Employer Plan and the Safety Cost Sharing Plan for the year ended June 30, 2019.

**(f) IRS Section 115 Trust**

In March 2018, the Town established an IRS Section 115 Trust (Trust) with Public Agencies Retirement Services (PARS), an entity independent of CalPERS, in order to prefund the pension liabilities for both the Miscellaneous and Safety defined-benefit pension plans. The Town contributed \$3,578,913 to the Trust for the fiscal year ending June 2019 which is not reflected in any of the deferral amounts in the tables above as it is separate from the plans.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description** - The Town makes contributions to California Employer's Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare plan administered by CalPERS. The purpose of the CERBT Fund is to provide California government employers with a trust through which they may prefund retiree medical costs and Other Post-Employment Benefits (OPEB). The Town uses CERBT as its investment vehicle and requests disbursements on an as needed basis to reimburse the Town for the cost of retiree health insurance benefits. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

In accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), employees qualify for retiree health benefits upon five (5) years of service if they meet the vesting requirements as set forth by Cal PERS and take a service or disability retirement from Town employment. Additionally, the employee must draw a CalPERS pension within ninety (90) days of separation from the Town, provided the employee with the Town's health plan through COBRA. For employees who retire on or after February 1, 2016,

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

at Medicare eligibility, the Town will align contributions to the full cost of the employee’s enrollment, including enrollment of family members, in a health benefits plan or plans up to a maximum of 100% Single Party and 90% Dependents for Kaiser Bay Area Basic/Medicare/Combo per month.

Upon retirement, employees have the option to roll over their sick leave accrual into a Town-managed fund. Employees can request reimbursement of medical expenses from the fund up to the value of their sick leave at retirement.

**Contributions** - The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the Town. For the measurement period July 1, 2017-June 30, 2018, the Town contributed \$2,935,313 to the plan which included \$1,138,313 of cash benefit payments, administrative fees of \$9,000, and \$188,000 of implied subsidy benefit payments. All related obligations are paid from the Town’s General Fund.

**Covered Participants**

Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	50
Active employees	<u>149</u>
Total	<u><u>325</u></u>

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF LOS GATOS, CALIFORNIA**  
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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

For the June 30, 2017 actuarial valuation, the actuarial assumptions used are as follows:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Contribution Policy	Pre-funded through CERBT with the Strategy 1 asset allocation Town contributes at least the ADC
Salary Increases	Aggregate - 3% annually Meerit - CalPERS 1997-2015 Experience Study
Projected Salary Increase	3.00%
Investment Rate of Return	6.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Healthcare Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Participation at Retirement	Actives in insurance program: 100% Actives in cash allocation program: 90% Waived retirees aged <65: 20% Waived retirees aged ≥65: 0% Retirees with sickleave conversion accounts will continue to participate after account exhausted

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Expected Real Rate of Return
Public Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

The long-term expected real rates of return are presented as geometric means

\* Policy target effective on the measurement date (June 30, 2018). Changes to the target investment allocation effective October 1, 2018 do not have a significant impact on the expected long-term rate of return

**Discount Rate** - The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

**Net OPEB Liability** – The net OPEB liability is calculated by subtracting the fiduciary net position (FNP) of the Plan from the total OPEB liability as determined by the actuary. The table that follows displays the changes that applied to the total OPEB liability, FNP, and Net OPEB liability during the measurement period of July 1, 2017 through June 30, 2018.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2018</b> <b>(6/30/17 measurement date)</b>	\$ 24,773,000	\$ 13,608,000	\$ 11,165,000
<b>Changes in the year:</b>			
Service cost	1,168,227	-	1,168,227
Interest on the total pension liability	1,706,270	-	1,706,270
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	2,935,313	(2,935,313)
Contributions - employee	-	-	-
Net investment income	-	1,082,977	(1,082,977)
Administrative expenses	-	(34,261)	34,261
Benefit payments , including refunds of employee contributions	(1,326,313)	(1,326,313)	-
<b>Net changes</b>	<b>1,548,184</b>	<b>2,657,716</b>	<b>(1,109,532)</b>
<b>Balance at June 30, 2019</b> <b>(6/30/18 measurement date)</b>	<b>\$ 26,321,184</b>	<b>\$ 16,265,716</b>	<b>\$ 10,055,468</b>

Due to these changes, the Town achieved an OPEB Plan funding status of 61.8% for the June 30, 2018 measurement date.

	Fiscal Year Ending	
	6/30/2019	6/30/2018
Measurement Date	6/30/2018	6/30/2017
Total OPEB Liability (TOL)	26,321,184	24,773,000
Fiduciary Net Position (FNP)	16,265,716	13,608,000
Net OPEB Liability (NOL)	10,055,468	11,165,000
Funded Status (FNP/TOL)	61.8%	54.9%

**TOWN OF LOS GATOS, CALIFORNIA**  
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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

**Sensitivity of Actuarial Assumptions** – The following tables indicate how much the net OPEB liability varies if the discount rate and healthcare trend rate used to calculate the liability are increased or decreased by one percentage point.

<u>Discount Rate</u>	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 13,428,106	\$ 10,055,468	\$ 7,226,415

<u>Healthcare Trend</u>	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 7,459,605	\$ 10,055,468	\$ 12,779,309

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB** - Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Partial amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The measurement period July 1, 2017 through June 30, 2018 gains and losses are spread evenly over a 5-year period. The total OPEB expense recognized in the fiscal year ending June 30, 2019 was \$1,883,013 and the Town reported deferrals from the following sources:

	<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
• Employer contributions made subsequent to the measurement date	\$ 2,406,636	\$ -
• Net difference between projected and actual	-	358,232
Totals	<u>\$ 2,406,636</u>	<u>\$ 358,232</u>



**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

The \$2,406,636 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ (108,058)
2021	\$ (108,058)
2022	\$ (109,058)
2023	\$ (33,058)
2024	-
Thereafter	

**NOTE 11 - RISK MANAGEMENT**

The Town participates in the following public entity risk pools through formally organized and separate legal entities. The Town does not have an equity interest in the joint ventures. These entities exercise full powers and authorities within the scope of the related agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entities are not those of the Town, although the Town retains an ongoing financial interest or an ongoing financial responsibility.

**Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA)** - The Town participates in PLAN, which covers general liability claims in the amount up to \$5,000,000 plus \$15,000,000 in excess liability for total coverage of \$20,000,000 per occurrence. The Town has a deductible or uninsured liability of up to \$50,000 per claim. PLAN also provides all risk property coverage of \$100,000,000, excluding flood and earthquake coverage. The Town has a \$5,000 deductible for property damage and a \$10,000 deductible for vehicle damage. Once the Town's deductible is met, PLAN becomes responsible for payment of all claims up to the limit. Financial statements may be obtained from PLAN at 375 Beale Street, San Francisco, CA 94105.

**Local Agency Workers' Compensation Joint Powers Authority (LAWCX)** - The Town is a member of LAWCX for coverage of workers' compensation claims. The Town has a \$250,000 self-insured retention level or uninsured liability for all employees. Once the Town's deductible is met, LAWCX becomes responsible for claims up to \$1,000,000. For claims greater than \$1,000,000, LAWCX has a commercial policy providing coverage. Financial statements may be obtained from LAWCX at 1750 Creekside Oaks Dr., Suite 200, Sacramento, California, 95833. The Town has not significantly reduced its insurance coverage from the prior year and settlements have not exceeded insurance coverage for the past three years.

**Liability for Uninsured Claims** - The Town is required to record its liability for uninsured claims and to reflect the current portion of this liability as an expenditure in its financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for the deductibles, or uninsured portion of these claims.

**TOWN OF LOS GATOS, CALIFORNIA**  
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**NOTE 11 - RISK MANAGEMENT, CONTINUED**

The change in Workers' Compensation and Self-Insurance Service Funds' claims liabilities, is based on historical trend information provided by its third party administrator and was computed as follows as of June 30, 2019:

	Workers' Compensation Internal Service Fund	Self- Insurance Internal Service Fund	Total
Claims payable balance - June 30, 2017	\$ 1,099,736	\$ 248,656	\$ 1,348,392
Claims incurred	1,028,359	105,000	1,133,359
Claims paid	<u>(655,770)</u>	<u>(221,913)</u>	<u>(877,683)</u>
Claims payable balance - June 30, 2018	1,472,324	131,743	1,604,067
Claims incurred	1,161,312	29,999	1,191,311
Claims paid	<u>(1,581,441)</u>	<u>(105,704)</u>	<u>(1,687,145)</u>
Claims payable balance - June 30, 2019	<u>\$ 1,052,195</u>	<u>\$ 56,038</u>	<u>\$ 1,108,233</u>

**NOTE 12 - REDEVELOPMENT AGENCY DISSOLUTION**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the Town that previously had reported a redevelopment agency as a blended component unit.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**Federal and State Grants** - The Town participates in several federal and state grant programs. These are subject to examination by grantors and the amount, if any, of disallowed expenditures cannot be determined at this time. The Town expects such amounts, if any, to be immaterial.

**Litigation** - The Town is subject to litigation arising from the normal course of business. The Town Attorney believes there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

**Successor Agency** - As of June 30, 2019, the Successor Agency Trust fund reported a net deficit of \$6,158,880.

**Encumbrances** - As of June 30, 2019, the Town had the following encumbered balances that were carried into the next fiscal year:

General Fund	\$ 413,729
Appropriated Reserves Fund	2,841,182
Non-major Governmental Funds	721,100
Proprietary Funds	<u>229,734</u>
Total Encumbrances	<u>\$ 4,205,745</u>

**NOTE 14 - TOWN/SUCCESSOR AGENCY GRANTS, COOPERATIVE AGREEMENTS**

**Public Improvement Grants and Cooperative Agreements**

In January of 2011, the Redevelopment Agency entered into a public improvement grant and cooperative agreement with the Town for the purpose of funding the acquisition of public land and designing and constructing various public improvements to be owned by the Town provided that the projects were in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan.

The improvement plan, as identified in the agreement, called for approximately \$24 million to be granted to the Town for the following projects:

- a. Expansion and improvement of current and new downtown parking
- b. Highway 9 improvements from Highway 17 to Monte Sereno
- c. Almond Grove Area street, sidewalk and other improvements
- d. Downtown Los Gatos gateways, signage, banners and art
- e. Storm drain, retaining wall, street and other improvements
- f. New Los Gatos library building

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

**TOWN OF LOS GATOS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 - TOWN/SUCCESSOR AGENCY GRANTS, COOPERATIVE AGREEMENTS, CONTINUED**

**Affordable Housing Cooperative Agreement**

In March of 2011, the Redevelopment Agency entered into an affordable housing cooperative agreement with the Town for the purpose of funding affordable housing projects and programs to be developed and/or administered by the Town in accordance with the Redevelopment Agency's five year implementation plan and redevelopment plan. The improvement plan, as identified in the agreement, called for approximately \$16 million to be granted to the Town for the following projects:

- a. Development of affordable housing at 224 Main St.
- b. Development of affordable housing at Dittos Lane
- c. Partnership with Senior Housing Solutions for the creation of senior housing in Los Gatos
- d. Partnerships for the conversion of existing residential developments dedicated to affordable housing
- e. Grants to the Santa Clara County Housing Trust for the development of affordable housing.

During the fiscal year ended June 30, 2012, the rights and obligations resulting from this cooperative agreement were transferred to the Successor Agency Trust Fund as a part of the Town's dissolution of its Redevelopment Agency.

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

The Town recorded a prior period adjustment due to the implementation of GASB Statement 84 – Fiduciary Activities. The town combined the Pension Trust Fiduciary Fund with the General Fund, resulting in a restatement of net position:

**Government-wide Statements**

	<u>Net Position, as Previously Reported</u>	<u>Prior Period Adjustment</u> <u>Net Position of Pension Trust</u>	<u>Net Position as Restated</u>
Government-Wide Statements Governmental Activities	<u>\$ 109,262,066</u>	<u>\$ 1,206,851</u>	<u>\$ 110,468,917</u>

**Fund Financial Statements**

	<u>Fund Balance as Previously Reported</u>	<u>Net Position of Pension Trust</u>	<u>Fund Balance as Restated</u>
Governmental Funds General Fund	<u>\$ 30,428,684</u>	<u>\$ 1,206,851</u>	<u>\$ 31,635,535</u>

**Required Supplementary Information**

TOWN OF LOS GATOS, CALIFORNIA

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**Schedule of Proportionate Share of Net Pension Liability – CalPERS Misc. Agent-Multiple Employer Plan**

Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total Pension Liability</b>					
Service Cost	\$ 1,700,438	\$ 1,651,550	\$ 1,560,679	\$ 1,491,925	\$ 1,579,547
Interest on total pension liability	7,073,843	6,820,536	6,697,247	6,483,032	6,268,015
Difference between expected and actual experience	994,994	(892,479)	(357,870)	(623,495)	-
Changes in assumptions	(655,541)	5,481,432	-	(1,513,132)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,448,374)	(5,138,083)	(4,953,756)	(4,748,786)	(4,241,487)
<b>Net change in total pension liability</b>	<b>3,665,360</b>	<b>7,922,956</b>	<b>2,946,300</b>	<b>1,089,544</b>	<b>3,606,075</b>
<b>Total pension liability - beginning</b>	<b>100,469,377</b>	<b>92,546,421</b>	<b>89,600,121</b>	<b>88,510,577</b>	<b>84,904,502</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 104,134,737</b>	<b>\$ 100,469,377</b>	<b>\$ 92,546,421</b>	<b>\$ 89,600,121</b>	<b>\$ 88,510,577</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	2,669,104	2,407,496	2,223,782	1,941,765	1,796,079
Contributions - employee	761,705	682,891	691,770	679,796	668,167
Plan to plan resource movement	(170)	-	(28,866)	22,561	-
Projected Earnings on Plan Investments	-	-	-	-	4,328,173
Recognized Difference between Projected and Actual Earning	-	-	-	-	1,166,344
Net Investment Income	5,883,868	7,171,443	369,185	1,470,873	-
Net Difference between Projected and Actual Earnings	-	-	-	-	4,665,374
Benefit payments, including refunds of employee contribution	(5,448,374)	(5,138,083)	(4,953,756)	(4,748,786)	(4,241,487)
Administrative Expenses	(108,582)	(95,455)	(40,462)	(74,706)	-
Other Miscellaneous Income/(Expense) <sup>1</sup>	(206,199)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>3,551,352</b>	<b>5,028,292</b>	<b>(1,738,347)</b>	<b>(708,497)</b>	<b>8,382,650</b>
<b>Plan fiduciary net position - beginning</b>	<b>69,680,823</b>	<b>64,652,531</b>	<b>66,390,878</b>	<b>67,099,375</b>	<b>58,716,725</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 73,232,175</b>	<b>\$ 69,680,823</b>	<b>\$ 64,652,531</b>	<b>\$ 66,390,878</b>	<b>\$ 67,099,375</b>
Net pension liability - ending (a) - (b)	\$ 30,902,562	\$ 30,788,554	\$ 27,893,890	\$ 23,209,243	\$ 21,411,202
Plan fiduciary net position as a percentage of the total pension liability	70.32%	69.36%	69.86%	74.10%	75.81%
Covered payroll	10,382,134	9,024,370	9,198,318	8,487,940	8,406,315
Net pension liability as a percentage of covered payroll	297.65%	341.17%	303.25%	273.44%	254.70%

1. During Fiscal Year 2017-18, as a result of GASB No. 75, CalPERS reported its proportionate share of activity related to postemployment benefit for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during FY2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68.

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*Schedule of Proportionate Share of Net Pension Liability – CalPERS Safety Cost-Sharing Plan*

Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.23583%	0.22603%	0.22394%	0.14860%	0.28588%
Proportionate share of the net pension liability	\$ 22,725,267	\$ 22,415,954	\$ 19,377,843	\$ 10,199,904	\$ 17,788,690
Covered payroll*	\$ 5,079,440	\$ 4,941,138	\$ 5,022,498	\$ 4,897,104	\$ 4,916,535
Proportionate share of the net pension liability as percentage of covered payroll	447.40%	453.66%	385.82%	208.28%	361.81%
Plan fiduciary net position as a percentage of of the total pension liability	75.26%	73.31%	74.06%	78.40%	75.66%

\* For the year ending on the measurement date.

**TOWN OF LOS GATOS, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**Schedule of Pension Plan Contributions – Miscellaneous Agent Multiple-Employer Plan**

Fiscal Year	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 3,008,079	\$ 2,669,133	\$ 2,407,496	\$ 2,223,782	\$ 1,941,765
Contributions in Relation to the Actuarially Determined Contribution	<u>(3,008,079)</u>	<u>(2,669,133)</u>	<u>(2,407,496)</u>	<u>(2,223,782)</u>	<u>(1,941,765)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	10,760,226	10,382,134	9,024,370	9,198,318	8,487,940
Contributions as a Percentage of Covered Payroll	27.96%	25.71%	26.68%	24.18%	22.88%

\*Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only five years are shown.

**Schedule of Pension Plan Contributions – Safety Cost-Sharing Plan**

Fiscal Year	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 2,325,357	\$ 1,951,711	\$ 302,911	\$ 297,000	\$ 295,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(2,325,357)</u>	<u>(1,951,711)</u>	<u>(302,911)</u>	<u>(297,000)</u>	<u>(295,000)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	5,634,617	5,079,440	4,941,138	5,022,498	4,897,104
Contributions as a Percentage of Covered Payroll	41.27%	38.42%	6.13%	5.91%	6.02%

\*Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only five years are shown.

**Actuarial Methods and Assumptions used for Pension Actuarially Determined Contributions**

Actuarial Cost Method	Entry Age Normal
Amortization Method	For details, see June 30, 2014 CalPERS Funding Valuation Report
Amortization Period	For details, see June 30, 2014 CalPERS Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 CalPERS Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	CalPERS 1997-2011 experience study
Mortality	CalPERS 1997-2011 experience study Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.



TOWN OF LOS GATOS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**Schedule of Changes in Net OPEB Liability and Related Ratios**

Measurement Date	6/30/2018	6/30/2017
<b>Changes in Total OPEB Liability</b>		
Service Cost	\$ 1,168,227	\$ 1,134,000
Interest on net liability	1,706,270	1,607,000
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments	(1,326,313)	(1,269,000)
<b>Net change in total OPEB liability</b>	1,548,184	1,472,000
<b>Total OPEB liability - beginning</b>	24,773,000	23,301,000
<b>Total OPEB liability - ending (a)</b>	<u>\$ 26,321,184</u>	<u>\$ 24,773,000</u>
<b>Changes in plan fiduciary net position</b>		
Contributions - employer	2,935,313	3,878,000
Contributions - employee	-	-
Net Investment Income	1,082,977	1,049,000
Benefit payments	(1,326,313)	(1,269,000)
Administrative Expenses	(34,261)	(14,000)
<b>Net change in plan fiduciary net position</b>	2,657,716	3,644,000
<b>Plan fiduciary net position - beginning</b>	13,608,000	9,964,000
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 16,265,716</u>	<u>\$ 13,608,000</u>
Net OPEB liability - ending (a) - (b)	\$ 10,055,468	\$ 11,165,000
Plan fiduciary net position as a percentage of the total OPEB liability	61.8%	54.9%
Covered payroll	16,192,060	14,985,716
Net pension liability as a percentage of covered payroll	62.10%	74.50%

**Schedule of Employer Contributions**

Fiscal Year	2019	2018
Actuarially Determined Contribution (ADC)	\$ 2,108,000	\$ 2,129,000
Actual Contributions	2,406,636	2,935,000
Contribution deficiency/(excess)	(298,636)	(806,000)
Covered employee payroll	17,338,201	14,985,716
Contributions as a percentage of covered payroll	13.9%	19.6%

TOWN OF LOS GATOS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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**Actuarial Methods and Assumptions used for 2018/19 OPEB Actuarially Determined Contribution**

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level percentage of pay
Amortization Method	Level percentage of pay
Amortization Period	20-year fixed period for 2018/19
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017

**Supplementary Information**

TOWN OF LOS GATOS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

MAJOR GOVERNMENTAL FUND BUDGET SCHEDULES  
(OTHER THAN THE GENERAL FUND) AND  
NONMAJOR GOVERNMENTAL FUNDS

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*Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP):*

**Appropriated Reserves Fund** is used to account for resources provided for capital projects not fully funded from other sources.

**Capital Projects Funds:**

**Storm Drain Basin Funds** were established to account for fees paid in conjunction with the development in specified drainage areas.

**Construction Tax Funds** were established to account for tax levies on building additions or alterations including capital improvements, underground utilities and parks.

**Gas Tax Fund** was established to account for revenue and expenditures under the State of California Streets and Highways Code Sections 2106, 2107 and 2107.5, as well as for the Roads Maintenance Rehabilitation Act. The revenues must be used for the maintenance and construction of streets.

**Special Revenue Funds:**

**Community Development Block Grant Fund** was established to account for grant funds received and expended under the Community Development Act of 1974.

**Non-Point Source Maintenance Fund** was established to comply with obligations under the National Pollutant Discharge Elimination system permit issued by the California Regional Water Quality Control Board.

**Lighting and Landscape Fund** was established to account for maintenance of trees, landscaping, irrigation systems and lighting within the boundaries of Tract No. 8439.

**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, 2019**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Licenses & permits	\$ 110,000	\$ 110,000	\$ 181,691	\$ 71,691
Intergovernmental	580,663	1,739,323	30,582	(1,708,741)
Charges for services	591,429	631,271	595,509	(35,762)
Interest	20,000	20,000	44,161	24,161
Other	23,250	278,622	17,041	(261,581)
Total Revenues	<u>1,325,342</u>	<u>2,779,216</u>	<u>868,984</u>	<u>(1,910,232)</u>
<b>EXPENDITURES</b>				
Capital outlay	3,893,086	19,070,401	6,860,026	12,210,375
Total Expenditures	<u>3,893,086</u>	<u>19,070,401</u>	<u>6,860,026</u>	<u>12,210,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,567,744)</u>	<u>(16,291,185)</u>	<u>(5,991,042)</u>	<u>10,300,143</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,635,220	2,685,220	2,685,220	-
Transfers (out)	(427,616)	(427,616)	(427,616)	-
Total Other Financing Sources (Uses)	<u>2,207,604</u>	<u>2,257,604</u>	<u>2,257,604</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (360,140)</u>	<u>\$ (14,033,581)</u>	<u>(3,733,438)</u>	<u>\$ 10,300,143</u>
<b>BEGINNING FUND BALANCE</b>			<u>12,301,432</u>	
<b>ENDING FUND BALANCE</b>			<u>\$ 8,567,994</u>	

**TOWN OF LOS GATOS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2019**

	CAPITAL PROJECTS FUNDS				
	Storm Drains Funds	Construction Tax Fund	Gas Tax Fund	Total Capital Projects Funds	Community Development Fund
<b>ASSETS</b>					
Cash & Investments	\$ 2,628,557	\$ 3,079,685	\$ 1,713,551	\$ 7,421,793	\$ 94,412
Receivables:					
Accounts	-	-	-	-	-
Intergovernmental Receivable	-	-	100,152	100,152	58,344
Long Term Notes Receivable	-	-	-	-	78,752
<b>Total Assets</b>	<b>\$ 2,628,557</b>	<b>\$ 3,079,685</b>	<b>\$ 1,813,703</b>	<b>\$ 7,521,945</b>	<b>\$ 231,508</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 959,881	\$ 959,881	\$ -
Accrued Payroll and Benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	64,855
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>959,881</b>	<b>959,881</b>	<b>64,855</b>
<b>FUND BALANCE</b>					
Restricted for:					
Repairs and Maintenance	-	-	-	-	-
Capital Projects	2,628,557	3,079,685	853,822	6,562,064	-
Assigned for:					
Special Revenue Funds	-	-	-	-	166,653
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>2,628,557</b>	<b>3,079,685</b>	<b>853,822</b>	<b>6,562,064</b>	<b>166,653</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,628,557</b>	<b>\$ 3,079,685</b>	<b>\$ 1,813,703</b>	<b>\$ 7,521,945</b>	<b>\$ 231,508</b>

(Continued)

SPECIAL REVENUE FUNDS			
Non-Point Source Maintenance	Lighting and Landscaping	Total Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 216,303	\$ 310,715	\$ 7,732,508
167,051	-	167,051	167,051
-	18	58,362	158,514
-	-	78,752	78,752
<u>\$ 167,051</u>	<u>\$ 216,321</u>	<u>\$ 614,880</u>	<u>\$ 8,136,825</u>
\$ 2,839	\$ 8,182	\$ 11,021	\$ 970,902
3,320	-	3,320	3,320
1,443	-	1,443	1,443
-	-	64,855	64,855
<u>7,602</u>	<u>8,182</u>	<u>80,639</u>	<u>1,040,520</u>
-	208,139	208,139	208,139
-	-	-	6,562,064
<u>159,449</u>	<u>-</u>	<u>326,102</u>	<u>326,102</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>159,449</u>	<u>208,139</u>	<u>534,241</u>	<u>7,096,305</u>
<u>\$ 167,051</u>	<u>\$ 216,321</u>	<u>\$ 614,880</u>	<u>\$ 8,136,825</u>

(Concluded)

**TOWN OF LOS GATOS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	CAPITAL PROJECTS FUNDS			
	Storm Drain Funds	Construction Tax Fund	Gas Tax Fund	Total Capital Projects Funds
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	28,390	-	28,390
License and permits	168,947	-	-	168,947
Intergovernmental	-	-	1,195,072	1,195,072
Charges for Services	-	-	-	-
Interest	3,312	53,311	22,483	79,106
Total Revenues	<u>172,259</u>	<u>81,701</u>	<u>1,217,555</u>	<u>1,471,515</u>
<b>EXPENDITURES</b>				
Current:				
Parks and Public Works	-	-	-	-
Sanitation and Other	-	-	-	-
Capital Outlay	<u>29,700</u>	<u>-</u>	<u>960,881</u>	<u>990,581</u>
Total Expenditures	<u>29,700</u>	<u>-</u>	<u>960,881</u>	<u>990,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	142,559	81,701	256,674	480,934
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(106,000)</u>	<u>(106,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(106,000)</u>	<u>(106,000)</u>
Changes in Fund Balances	142,559	81,701	150,674	374,934
Fund Balances - Beginning of year	<u>2,485,998</u>	<u>2,997,984</u>	<u>703,148</u>	<u>6,187,130</u>
Fund Balances - End of year	<u>\$ 2,628,557</u>	<u>\$ 3,079,685</u>	<u>\$ 853,822</u>	<u>\$ 6,562,064</u>

(Continued)



SPECIAL REVENUE FUNDS				
Community Development Fund	Non-Point Source Maintenance	Lighting and Landscaping	Total Special Revenue Funds	Total
\$ -	\$ -	\$ 38,091	\$ 38,091	\$ 38,091
-	-	-	-	28,390
-	236,450	-	236,450	405,397
-	134,621	-	134,621	1,329,693
-	345,280	-	345,280	345,280
-	-	3,550	3,550	82,656
-	716,351	41,641	757,992	2,229,507
-	-	27,266	27,266	27,266
-	628,240	-	628,240	628,240
-	-	-	-	990,581
-	628,240	27,266	655,506	1,646,087
-	88,111	14,375	102,486	583,420
-	-	(4,920)	(4,920)	(110,920)
-	-	(4,920)	(4,920)	(110,920)
-	88,111	9,455	97,566	472,500
166,653	71,338	198,684	436,675	6,623,805
<u>\$ 166,653</u>	<u>\$ 159,449</u>	<u>\$ 208,139</u>	<u>\$ 534,241</u>	<u>\$ 7,096,305</u>

(Concluded)

**TOWN OF LOS GATOS  
BUDGETED NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	COMMUNITY DEVELOPMENT STORM DRAIN FUNDS			NON-POINT CONSTRUCTION TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	30,000	28,390	(1,610)
License and permits	92,500	168,947	76,447	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interest	8,610	3,312	(5,298)	14,310	53,311	-
Total Revenues	101,110	172,259	71,149	44,310	81,701	(1,610)
<b>EXPENDITURES</b>						
Parks and public works	-	-	-	-	-	-
Sanitation and other	-	-	-	-	-	-
Capital outlay	203,058	29,700	173,358	2,330,000	-	2,330,000
Total Expenditures	203,058	29,700	173,358	2,330,000	-	2,330,000
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(101,948)</u>	<u>142,559</u>	<u>244,507</u>	<u>(2,285,690)</u>	<u>81,701</u>	<u>2,367,391</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (101,948)</u>	<u>142,559</u>	<u>\$ 244,507</u>	<u>\$ (2,285,690)</u>	<u>81,701</u>	<u>\$ 2,367,391</u>
<b>BEGINNING FUND BALANCE</b>		<u>2,485,998</u>			<u>2,997,984</u>	
<b>ENDING FUND BALANCE</b>		<u>\$ 2,628,557</u>			<u>\$ 3,079,685</u>	

(Continued)

GAS TAX			COMMUNITY DEVELOPMENT BLOCK GRANT			NON-POINT SOURCE MAINTANENCE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	231,323	236,450	5,127
1,144,218	1,195,072	50,854	-	-	-	134,621	134,621	-
-	-	-	-	-	-	353,071	345,280	(7,791)
1,210	22,483	21,273	-	-	-	-	-	-
1,145,428	1,217,555	72,127	-	-	-	719,015	716,351	(2,664)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	705,191	628,240	76,951
1,325,215	960,881	364,334	-	-	-	-	-	-
1,325,215	960,881	364,334	-	-	-	705,191	628,240	76,951
(179,787)	256,674	436,461	-	-	-	13,824	88,111	74,287
(106,000)	(106,000)	-	-	-	-	-	-	-
(106,000)	(106,000)	-	-	-	-	-	-	-
<u>\$ (285,787)</u>	150,674	<u>\$ 436,461</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 13,824</u>	88,111	<u>\$ 74,287</u>
	703,148			166,653			71,338	
	<u>\$ 853,822</u>			<u>\$ 166,653</u>			<u>\$ 159,449</u>	

(Continued)

**TOWN OF LOS GATOS  
BUDGETED NONMAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	LIGHTING AND LANDSCAPING			TOTALS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ 38,220	\$ 38,091	\$ (129)	\$ 38,220	\$ 38,091	\$ (129)
Other taxes	-	-	-	30,000	28,390	(1,610)
License and permits	-	-	-	323,823	405,397	81,574
Intergovernmental	-	-	-	1,278,839	1,329,693	50,854
Charges for services	-	-	-	353,071	345,280	(7,791)
Interest	1,460	3,550	2,090	25,590	82,656	18,065
Total Revenues	39,680	41,641	1,961	2,049,543	2,229,507	140,963
<b>EXPENDITURES</b>						
Parks and public works	32,817	27,266	5,551	32,817	27,266	5,551
Sanitation and other	-	-	-	705,191	628,240	76,951
Capital outlay	75,093	-	75,093	3,933,366	990,581	2,942,785
Total Expenditures	107,910	27,266	80,644	4,671,374	1,646,087	3,025,287
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(68,230)</u>	<u>14,375</u>	<u>82,605</u>	<u>(2,621,831)</u>	<u>583,420</u>	<u>3,205,251</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers (out)	(4,920)	(4,920)	-	(110,920)	(110,920)	-
Total Other Financing Sources (Uses)	<u>(4,920)</u>	<u>(4,920)</u>	<u>-</u>	<u>(110,920)</u>	<u>(110,920)</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (73,150)</u>	<u>9,455</u>	<u>\$ 82,605</u>	<u>\$ (2,732,751)</u>	<u>472,500</u>	<u>\$ 3,205,251</u>
<b>BEGINNING FUND BALANCE</b>		198,684			6,623,805	
<b>ENDING FUND BALANCE</b>		<u>\$ 208,139</u>			<u>\$ 7,096,305</u>	

(Concluded)

TOWN OF LOS GATOS, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PROPRIETARY FUNDS  
INTERNAL SERVICE FUNDS

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**Internal Service Funds** are used to finance and account for special activities and service performed by a designated department for other departments in the Town on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they are used for internal activities only. In the Government-Wide Statement of Activities, the net revenues and expenses of the internal service funds are allocated to the Town departments or programs that generated them, thus eliminating internal service funds

However, internal service funds are still presented separately in the fund financial statements and include the following funds:

**Equipment Replacement Fund** was established to account for the replacement of major Town equipment and all vehicle replacement.

**Workers' Compensation Fund** was established to account for future claims that may occur related to workers compensation injuries.

**Self-Insurance Fund** was established to account for future general liability claims against the Town.

**Stores Fund** was established to account for the purchase of photocopier equipment, postage and bulk meter expenses.

**Information Technology Fund** was established to account for the replacement of management information computer systems and components.

**Vehicle Maintenance Fund** was established to account for preventative maintenance and repair provided for all Town vehicles and equipment.

**Building Maintenance Fund** was established to account for preventative maintenance and repair for all Town buildings.

**TOWN OF LOS GATOS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Equipment Replacement	Workers' Comp	Self Insurance	Stores	Information Technology	Vehicle Maintenance	Facilities Maintenance	Total
<b>ASSETS</b>								
Cash & Investments	\$ 2,894,235	\$ 1,744,470	\$ 1,384,880	\$ -	\$ 2,592,213	\$ -	\$ 1,056,079	\$ 9,671,877
Restricted Cash & Investments	-	99,337	-	-	-	-	-	99,337
Receivables:								
Accounts	-	67,596	-	-	1,912	-	41,987	111,495
Total Assets	2,894,235	1,911,403	1,384,880	-	2,594,125	-	1,098,066	9,882,709
<b>LIABILITIES</b>								
Accounts Payable	85,378	16,127	15,538	-	75,657	-	127,191	319,891
Due to Other Governments	53	-	-	-	-	-	89	142
Claims Payable	-	1,052,195	56,038	-	-	-	-	1,108,233
Total Liabilities	85,431	1,068,322	71,576	-	75,657	-	127,280	1,428,266
<b>NET POSITION</b>								
Restricted for:								
Workers compensation claims	-	99,337	-	-	-	-	-	99,337
Unrestricted	2,808,804	743,744	1,313,304	-	2,518,468	-	970,786	8,355,106
Total Net Position	\$ 2,808,804	\$ 843,081	\$ 1,313,304	\$ -	\$ 2,518,468	\$ -	\$ 970,786	\$ 8,454,443

**TOWN OF LOS GATOS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Equipment Replacement	Workers' Comp	Self Insurance	Stores	Information Technology	Vehicle Maintenance	Facilities Maintenance	Total
<b>OPERATING REVENUES</b>								
Charges for services	\$ 610,000	\$ 875,419	\$ 365,155	\$ 130,956	\$ 437,232	\$ 376,655	\$ 882,707	\$ 3,678,124
Interest	-	8	-	-	-	-	-	8
Use of money and property	-	-	-	-	-	-	229,559	229,559
Other local taxes	-	-	-	-	-	-	28,390	28,390
Other	22,495	412,667	-	10,983	5	29,180	81,366	556,696
<b>Total Operating Revenues</b>	<b>632,495</b>	<b>1,288,094</b>	<b>365,155</b>	<b>141,939</b>	<b>437,237</b>	<b>405,835</b>	<b>1,222,022</b>	<b>4,492,777</b>
<b>OPERATING EXPENSES</b>								
Salaries and benefits	-	413	-	-	-	-	-	413
Depreciation expenses	-	-	-	-	-	-	558	558
Services and supplies	601,961	1,270,216	338,617	104,345	567,082	252,206	1,011,347	4,145,774
<b>Total Operating Expenses</b>	<b>601,961</b>	<b>1,270,629</b>	<b>338,617</b>	<b>104,345</b>	<b>567,082</b>	<b>252,206</b>	<b>1,011,905</b>	<b>4,146,745</b>
Operating Income (loss)	30,534	17,465	26,538	37,594	(129,845)	153,629	210,117	346,032
Transfer of net position to General Fund	-	-	-	(265,384)	-	(774,991)	-	(1,040,375)
Transfer of pension amounts to General Fund	-	204,834	291,997	-	786,505	358,571	565,232	2,207,139
Transfers in	450,000	-	-	-	-	-	-	450,000
Transfers out	-	-	-	-	(300,000)	-	(50,000)	(350,000)
<b>Net Transfers</b>	<b>450,000</b>	<b>204,834</b>	<b>291,997</b>	<b>(265,384)</b>	<b>486,505</b>	<b>(416,420)</b>	<b>515,232</b>	<b>1,266,764</b>
Change in Net Position	480,534	222,299	318,535	(227,790)	356,660	(262,791)	725,349	1,612,796
<b>BEGINNING NET POSITION</b>	<b>2,328,270</b>	<b>620,782</b>	<b>994,769</b>	<b>227,790</b>	<b>2,161,808</b>	<b>262,791</b>	<b>245,437</b>	<b>6,841,647</b>
<b>ENDING NET POSITION</b>	<b>\$ 2,808,804</b>	<b>\$ 843,081</b>	<b>\$ 1,313,304</b>	<b>\$ -</b>	<b>\$ 2,518,468</b>	<b>\$ -</b>	<b>\$ 970,786</b>	<b>\$ 8,454,443</b>

**TOWN OF LOS GATOS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Equipment Replacement	Worker's Comp	Self Insurance	Stores	Information Technology	Vehicle Maintenance	Facilities Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 632,495	\$ 1,339,424	\$ 365,155	\$ 141,939	\$ 437,417	\$ 406,147	\$ 1,196,518	\$ 4,519,095
Payments to suppliers	(533,733)	(1,279,438)	(323,516)	(105,702)	(611,880)	(230,888)	(975,725)	(4,060,882)
Payments to employees	(343)	(208,623)	(297,158)	-	(800,577)	(364,773)	(571,550)	(2,243,024)
Claims paid	-	(420,129)	(75,705)	-	-	-	-	(495,834)
Net Cash Provided (Used) by Operating Activities	98,419	(568,766)	(331,224)	36,237	(975,040)	(189,514)	(350,757)	(2,280,645)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers In/(Out)	450,000	204,834	291,997	(265,384)	486,505	(416,420)	515,232	1,266,764
Net Cash Provided (Used) by Noncapital Financing Activities	450,000	204,834	291,997	(265,384)	486,505	(416,420)	515,232	1,266,764
Net Increase(Decrease) in Cash and Investments	548,419	(363,932)	(39,227)	(229,147)	(488,535)	(605,934)	164,475	(1,013,881)
Cash and investments - beginning of year	2,345,816	2,207,739	1,424,107	229,147	3,080,748	605,934	891,604	10,785,095
Cash and investments - end of year	\$ 2,894,235	\$ 1,843,807	\$ 1,384,880	\$ -	\$ 2,592,213	\$ -	\$ 1,056,079	\$ 9,771,214
Reconciliation of Operating Income to Cash Flows from Operating Activities:								
Operating Income	\$ 30,534	\$ 17,465	\$ 26,538	\$ 37,594	\$ (129,845)	\$ 153,629	\$ 210,117	\$ 346,032
Adjustments to reconcile operating income to cash flows from operating activities:								
Depreciation	-	-	-	-	-	-	558	558
Change in assets and liabilities:								
Receivables, net	-	51,330	-	-	180	312	(25,504)	26,318
Material and supplies	-	-	-	173	-	27,838	-	28,011
Deferred outflows of resources	-	54,592	77,823	-	209,619	95,566	150,682	588,282
Net pension liabilities	-	(255,060)	(363,674)	-	(979,569)	(446,588)	(704,016)	(2,748,907)
Deferred inflows of resources	-	(4,312)	(6,146)	-	(16,555)	(7,549)	(11,898)	(46,460)
Accounts payable	68,175	(9,222)	15,101	(1,530)	(44,798)	(6,520)	35,533	56,739
Accrued payroll and benefits	(343)	(3,430)	(5,161)	-	(14,072)	(6,202)	(6,318)	(35,526)
Claims payable	-	(420,129)	(75,705)	-	-	-	-	(495,834)
Due to other government	53	-	-	-	-	-	89	142
Cash Flows From Operating Activities	\$ 98,419	\$ (568,766)	\$ (331,224)	\$ 36,237	\$ (975,040)	\$ (189,514)	\$ (350,757)	\$ (2,280,645)



**TOWN OF LOS GATOS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**FIDUCIARY FUNDS**  
**PRIVATE PURPOSE TRUST FUNDS**

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**Library Private Purpose Trust Fund** was established to provide for the servicing of donations and bequests to the Town's Library Program.

**RDA Successor Agency Private Purpose Trust Fund** was established to account for the assets and liabilities transferred from the dissolution of the *Town's* former Redevelopment Agency and the continuing operations related to existing Redevelopment Agency obligations.

**TOWN OF LOS GATOS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019**

	Library	RDA Successor Agency	Total
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 532,514	\$ 1,729,614	\$ 2,262,128
Restricted cash and investments (Note 2)	-	2,003,810	2,003,810
Accounts receivable	8,750	-	8,750
Loans receivable (Note 3)	-	575,425	575,425
Capital assets (Note 5):			
Nondepreciable	-	5,257,422	5,257,422
Depreciable, net of accumulated depreciation	-	1,525,393	1,525,393
Total Assets	<u>541,264</u>	<u>11,091,664</u>	<u>11,632,928</u>
<b>LIABILITIES</b>			
Accounts payable	3,137	47	3,184
Due to other governments	112	-	112
Interest payable	-	306,297	306,297
Long-term debt (Note 6):			
Due within one year	-	1,195,000	1,195,000
Due in more than one year	-	15,749,200	15,749,200
Total Liabilities	<u>3,249</u>	<u>17,250,544</u>	<u>17,253,793</u>
<b>NET POSITION</b>			
Held in trust	<u>538,015</u>	<u>(6,158,880)</u>	<u>(5,620,865)</u>
Total Net Position	<u>\$ 538,015</u>	<u>\$ (6,158,880)</u>	<u>\$ (5,620,865)</u>

**TOWN OF LOS GATOS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Library	RDA Successor Agency	Total
<b>ADDITIONS</b>			
Property taxes	\$ -	\$ 1,945,763	\$ 1,945,763
Investment earnings	10,135	43,863	53,998
Gifts, bequests and endowments	82,213	-	82,213
Other	-	1,909,073	1,909,073
<b>Total Additions</b>	<b>92,348</b>	<b>3,898,699</b>	<b>3,991,047</b>
<b>DEDUCTIONS</b>			
Program expenses	-	1,920,655	1,920,655
Interest and fiscal agency expenses of RDA	-	701,449	701,449
Library services	69,029	-	69,029
Capital Outlay	21,048	-	21,048
Depreciation expense	-	101,692	101,692
<b>Total Deductions</b>	<b>90,077</b>	<b>2,723,796</b>	<b>2,813,873</b>
<b>CHANGE IN NET POSITION</b>	<b>2,271</b>	<b>1,174,903</b>	<b>1,177,174</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>535,744</b>	<b>(7,333,783)</b>	<b>(6,798,039)</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 538,015</b>	<b>\$ (6,158,880)</b>	<b>\$ (5,620,865)</b>

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**STATISTICAL SECTION**

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## STATISTICAL (UNAUDITED)

This part of the Town of Los Gatos Comprehensive Annual Financial Report (“CAFR”) presents the detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how Town’s financial performance and well-being have changed over time. (Schedule 1, Schedule 2, Schedule 3, and Schedule 4).

### Revenue Capacity

These schedules contain information to help the reader assess one of the Town’s most significant local revenue source, the property tax (Schedule 5, Schedule 6, Schedule 7, and Schedule 8).

### Debt Capacity

These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and its ability to issue additional debt in the future (Schedule 9, Schedule 10, and Schedule 11)

### Demographic and Economic Information

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

### Operating Information

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

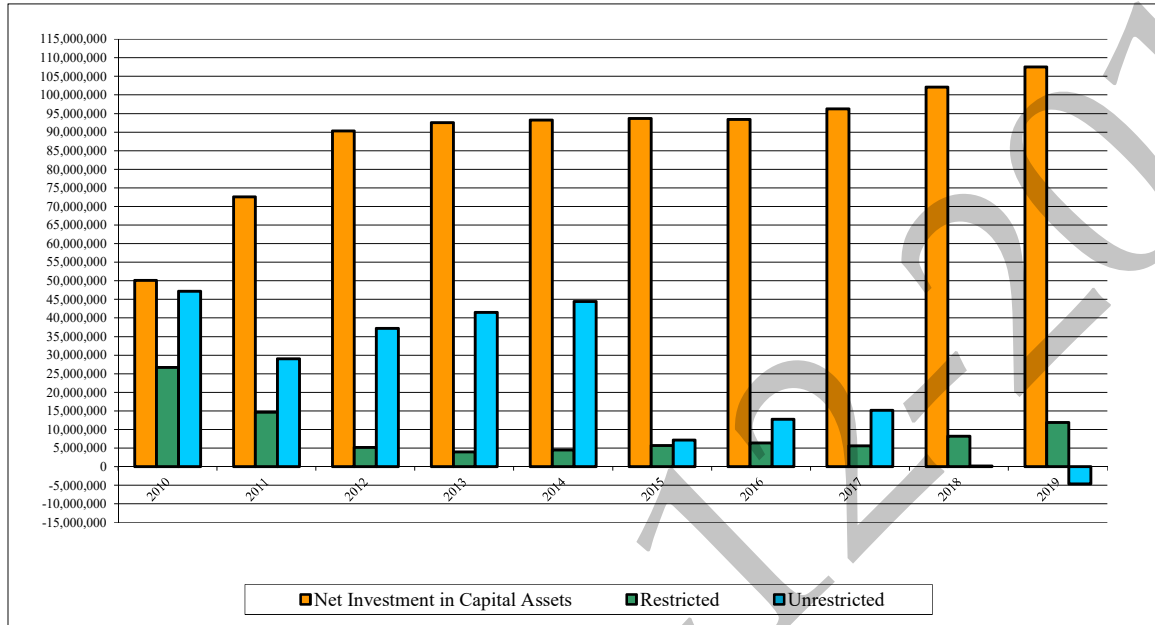
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Town of Los Gatos  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Schedule 1



Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2010	50,129,550	26,723,994	47,191,225	124,044,769
2011	72,567,355	14,652,823	29,017,520	116,237,698 (1)
2012	90,333,451	5,167,236	37,192,210	132,692,897
2013	92,558,523	3,949,583	41,480,377	137,988,483
2014	93,251,117	4,485,246	44,393,265	142,129,628
2015	93,687,029	5,663,182	7,180,919	106,531,130 (2)
2016	93,383,855	6,386,014	12,744,637	112,514,506
2017	96,265,652	5,627,707	15,134,420	117,027,779
2018	102,098,729	8,199,598	170,590	110,468,917 (4)
2019	107,542,588	11,918,688	-4,642,167	114,819,109 (3)

(1) The decrease in Restricted Net Position from FY 2010 to FY 2011 was primarily due to the issuance of the \$15.7 million Certificates of Participation in FY 2010.

(2) The decrease in Restricted Net Position GASB 68 Implementation of Unfunded Pension Liability of Statement of Net Position.

(3) The decrease in unrestricted net position resulted largely from the use of approximately \$8.0 million in unrestricted cash balances in the Town’s GFAR fund during the year to invest in the Town’s infrastructure and equipment.

(4) Net position was restated for Fy 2018 for amounts placed into fiduciary funds, reclassified to General Fund Restricted Asset.

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

<b>Expenses</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Governmental Activities:				
General Government	\$ 4,647,801	\$ 5,180,153	\$ 6,145,143	\$ 6,564,768
Police Department	13,266,849	13,495,885	14,124,798	13,731,754
Parks and Public Works	7,458,085	7,155,905	7,827,332	7,829,315
Community Development	3,522,477	3,099,269	3,434,551	4,094,188
Community Services	1,270,240	666,015	-	-
Library Services	2,038,009	1,892,805	1,938,577	2,128,823
Sanitation	655,713	342,893	158,205	393,205
Redevelopment	6,992,935	16,794,022	919,821	1,277,063
Interest and Fees	612,700	1,278,381	1,123,842	-
Total Governmental Activities	<u>\$ 40,464,809</u>	<u>\$ 49,905,328</u>	<u>\$ 35,672,269</u>	<u>\$ 36,019,116</u>

<b>Program Revenues</b>				
Charges for Services:				
General Government	\$ 1,337,772	\$ 1,156,931	\$ 1,131,424	\$ 1,416,593
Police Department	2,110,357	2,153,843	2,324,397	2,450,630
Parks and Public Works	779,300	810,022	1,215,382	3,044,401
Community Development	3,404,087	3,097,192	3,448,433	4,649,444
Community Services	134,366	98,803	-	-
Library Services	57,633	39,491	37,662	50,696
Sanitation	135,000	135,000	135,000	403,294
Operating Grants and Contributions:				
General Government	10,237	15,638	6,453	8,406
Police Department	81,997	27,748	29,980	91,360
Parks and Public Works	594,775	809,272	993,827	835,724
Community Services	124,287	182,683	-	-
Library Services	13,996	10,662	109	40
Sanitation	25,103	9,002	-	-
Capital Grants and Contributions:				
General Government	-	-	-	169,270
Parks and Public Works	3,074,453	2,375,759	641,811	2,757,660
Community Development	-	-	-	-
Total Program Revenues	<u>\$ 11,883,363</u>	<u>\$ 10,922,046</u>	<u>\$ 9,964,478</u>	<u>\$ 15,877,518</u>

<b>General Revenues</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Property Taxes	\$ 18,856,081	\$ 18,226,001	\$ 14,088,866	\$ 11,968,377
Sales Taxes	8,317,217	9,971,409	9,889,100	8,757,428
Franchise Taxes	-	-	-	-
Other Taxes	2,623,622	2,906,264	3,698,753	3,324,791
Motor Vehicle in Lieu	92,595	139,814	15,238	15,790
Investment Earnings	1,155,929	760,905	331,420	(133,375)
Loss on Disposal of Capital Assets	-	-	-	-
Sale of Property	-	(870,127)	-	54,425
Miscellaneous	52,459	41,943	2,275,160	1,154,647
Extraordinary Gain (Loss) Dissolution of RDA	-	-	11,864,453	295,101
Total General Revenues	<u>\$ 31,097,903</u>	<u>\$ 31,176,209</u>	<u>\$ 42,162,990</u>	<u>\$ 25,437,184</u>

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$ 6,955,804	\$ 6,465,852	\$ 6,993,661	\$ 6,771,628	\$ 7,948,918	\$ 8,163,991
14,119,786	12,644,221	12,825,688	14,587,597	15,545,521	16,635,726
8,154,616	8,069,352	8,320,623	9,502,707	10,047,003	10,627,716
4,424,040	4,047,738	3,227,224	5,093,459	4,667,609	5,064,637
-	-	-	-	-	-
2,234,431	2,553,414	2,522,142	2,868,748	3,087,684	3,059,294
363,180	491,359	528,580	466,762	536,296	684,673
21,687	-	-	-	-	-
-	-	-	-	-	-
\$ 36,273,544	\$ 34,271,936	\$ 34,417,918	\$ 39,290,901	\$ 41,833,031	\$ 44,236,037

\$ 2,179,077	\$ 1,888,213	\$ 1,517,012	\$ 1,669,020	\$ 1,701,146	\$ 1,562,683
3,206,579	3,529,166	3,278,585	2,076,688	1,888,359	1,745,889
1,550,867	2,206,765	1,516,108	2,155,841	4,150,068	2,910,936
5,156,061	5,027,497	4,359,146	3,803,626	3,456,390	4,155,231
-	-	-	-	-	-
51,775	53,123	46,192	46,746	14,702	9,476
328,648	328,868	368,813	410,626	771,442	966,130
-	-	15,291	-	-	-
42,661	24,838	98,138	837,329	895,730	826,643
994,096	907,745	749,300	665,779	953,294	1,301,152
-	-	-	-	-	-
14,662	4,062	12,228	-	57,200	47,482
-	-	-	-	-	-
-	176,705	-	-	-	-
2,274,879	2,338,154	1,610,657	770,600	348,437	146,792
19,360	-	-	9,280	-	-
\$ 15,818,665	\$ 16,485,136	\$ 13,571,470	\$ 12,445,535	\$ 14,236,768	\$ 13,672,414

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$ 11,712,312	\$ 12,931,603	\$ 13,763,458	\$ 14,756,214	\$ 15,958,406	\$ 17,321,347
8,029,571	8,202,678	7,501,175	8,925,276	7,466,253	8,158,152
-	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
3,718,405	2,062,893	1,997,497	2,351,223	2,667,840	2,726,743
13,068	-	12,308	14,056	16,483	14,689
772,200	428,772	698,324	192,260	333,120	1,809,128
-	-	-	-	-	-
-	-	-	-	-	-
350,468	813,324	598,170	528,946	622,105	2,407,840
-	-	-	-	-	-
\$ 24,596,024	\$ 26,654,700	\$ 26,829,824	\$ 29,134,883	\$ 29,539,021	\$ 34,913,815

\$ 4,141,145	\$ 8,867,900	\$ 5,983,376	\$ 2,289,517	\$ 1,942,758	\$ 4,350,192
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Town of Los Gatos  
Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

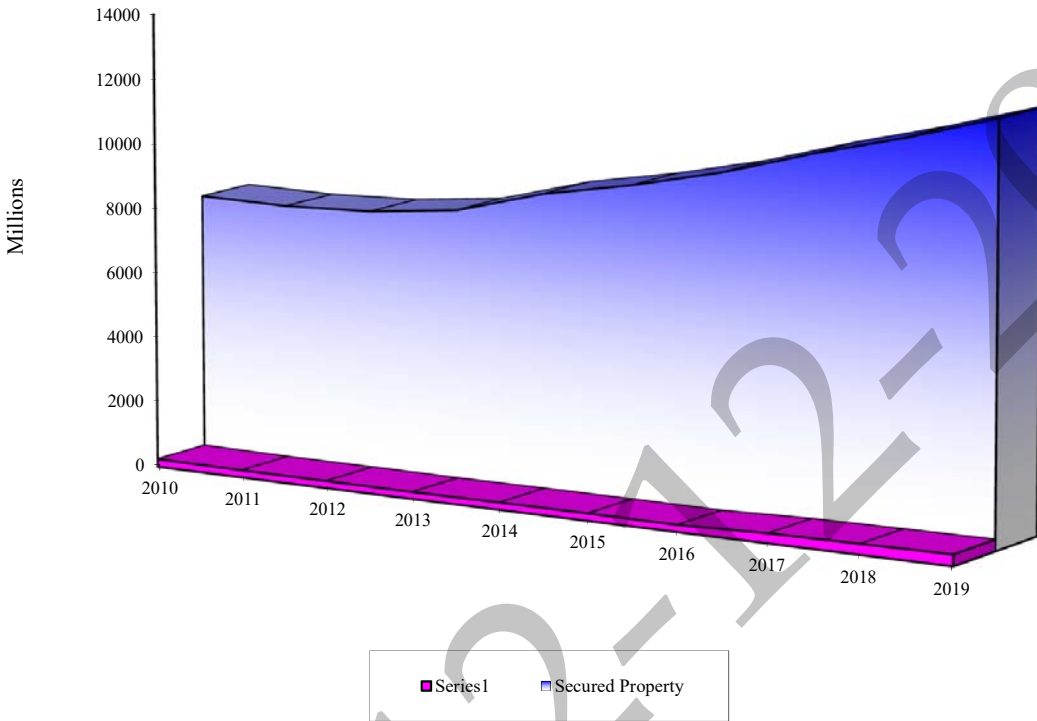
	2009/10	2010/11	2011/12	2012/13
General Fund				
Reserved	\$ 4,491,589	\$ -	\$ -	\$ -
Unreserved	18,594,984	-	-	-
Nonspendable	-	1,500,000	-	-
Restricted	-	-	-	-
Committed				
Assigned	-	21,806,781	21,992,886	20,758,156
Unassigned	-	2,433,556	4,019,409	7,502,446
Total General Fund	<u>\$ 23,086,573</u>	<u>\$ 25,740,337</u>	<u>\$ 26,012,295</u>	<u>\$ 28,260,602</u>
All Other Governmental Funds				
Reserved	\$ 10,525,384	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special Revenue Funds	225,509	-	-	-
Capital Project Funds	24,454,347	-	-	-
Debt Service Funds	6,953,732	-	-	-
Nonspendable	-	-	-	-
Restricted	-	14,764,334	5,167,236	3,949,583
Committed	-	-	-	-
Assigned	-	4,786,547	5,389,674	6,097,182
Unassigned	-	(23,889)	107,107	157,208
Total All Other Governmental Funds	<u>\$ 42,158,972</u>	<u>\$ 19,526,992</u>	<u>\$ 10,664,017</u>	<u>\$ 10,203,973</u>
Total Fund Balances	<u>\$ 65,245,545</u>	<u>\$ 45,267,329</u>	<u>\$ 36,676,312</u>	<u>\$ 38,464,575</u>

Fiscal Year					
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,206,851	5,015,316
23,791,749	24,121,256	20,019,187	15,129,925	12,953,399	15,070,944
1,363,376	-	9,555,085	14,050,699	17,475,285	17,884,267
<u>\$ 25,155,125</u>	<u>\$ 24,121,256</u>	<u>\$ 29,574,272</u>	<u>\$ 29,180,624</u>	<u>\$ 31,635,535</u>	<u>\$ 37,970,527</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,485,246	5,663,182	6,386,014	5,627,707	6,992,747	6,903,372
-	-	3,696,000	10,354,584	5,571,087	2,579,997
8,191,823	15,346,558	11,099,076	7,928,994	6,361,403	6,180,930
183,045	206,875	-	-	-	-
<u>\$ 12,860,114</u>	<u>\$ 21,216,615</u>	<u>\$ 21,181,090</u>	<u>\$ 23,911,285</u>	<u>\$ 18,925,237</u>	<u>\$ 15,664,299</u>
<u>\$ 38,015,239</u>	<u>\$ 45,337,871</u>	<u>\$ 50,755,362</u>	<u>\$ 53,091,909</u>	<u>\$ 50,560,772</u>	<u>\$ 53,634,826</u>

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

	2009/10	2010/11	2011/12	2012/13
<b>Revenues:</b>				
Taxes	\$ 29,967,385	\$ 31,549,352	\$ 27,676,719	\$ 24,596,799
Intergovernmental	4,082,725	3,248,303	1,669,729	2,615,191
Charges for Service	4,418,074	4,107,386	5,550,671	6,529,234
Licenses & Permits	2,977,199	2,967,819	3,242,348	4,015,871
Investment Income	1,174,203	691,022	291,484	(133,380)
Fines and Forfeitures	662,699	737,903	809,790	688,125
Franchise Fees	-	-	-	-
Use of Property	51,948	38,502	38,974	38,910
Other	2,105,333	2,904,862	5,412,328	4,577,584
<b>Total Revenues</b>	<b>45,439,566</b>	<b>46,245,149</b>	<b>44,692,043</b>	<b>42,928,334</b>
<b>Expenditures:</b>				
<b>Current</b>				
Public Safety	12,821,499	13,004,041	13,392,953	13,370,032
Public Works	5,152,745	5,222,504	5,440,960	5,616,197
Community Development	3,452,914	2,973,587	3,226,195	4,235,832
Community Services	1,261,981	663,645	-	-
Library Services	1,999,430	1,806,611	1,805,479	2,055,069
Sanitation & Other	642,512	314,899	116,607	359,725
General Government	5,483,753	6,318,706	8,046,794	8,331,444
Redevelopment	8,692,216	18,958,126	3,282,155	1,277,063
Capital Outlay	16,141,561	15,839,303	10,929,491	6,568,653
<b>Debt Service</b>				
Principal Repayment	465,000	485,000	934,167	-
Interest and Fiscal Charges	620,356	1,019,881	1,143,185	-
<b>Total Expenditures</b>	<b>56,733,967</b>	<b>66,606,303</b>	<b>48,317,986</b>	<b>41,814,015</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(11,294,401)</b>	<b>(20,361,154)</b>	<b>(3,625,943)</b>	<b>1,114,319</b>
<b>Other Financing Sources(Uses):</b>				
Debt Issuance	16,428,095	-	-	-
Transfers In	4,028,905	3,928,107	3,735,440	2,841,881
Transfers Out	(3,461,724)	(3,545,168)	(3,661,894)	(2,463,850)
Proceeds from Sale of Property	-	-	-	-
Proceeds from Issuance of Debt	-	-	-	-
<b>Total Other Financing Sources(Uses)</b>	<b>16,995,276</b>	<b>382,939</b>	<b>73,546</b>	<b>378,031</b>
<b>Special Item:</b>				
Sale of Property	-	-	-	-
Extraordinary Gain (Loss) RDA Dissolution	-	-	(5,038,620)	295,913
Prepayment of Pension Obligations	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 5,700,875</b>	<b>\$ (19,978,215)</b>	<b>\$ (3,552,397)</b>	<b>\$ 1,492,350</b>
<b>Debt Service as a Percentage of Non Capital Expenditures</b>	<b>2.67%</b>	<b>2.96%</b>	<b>5.56%</b>	<b>0.00%</b>

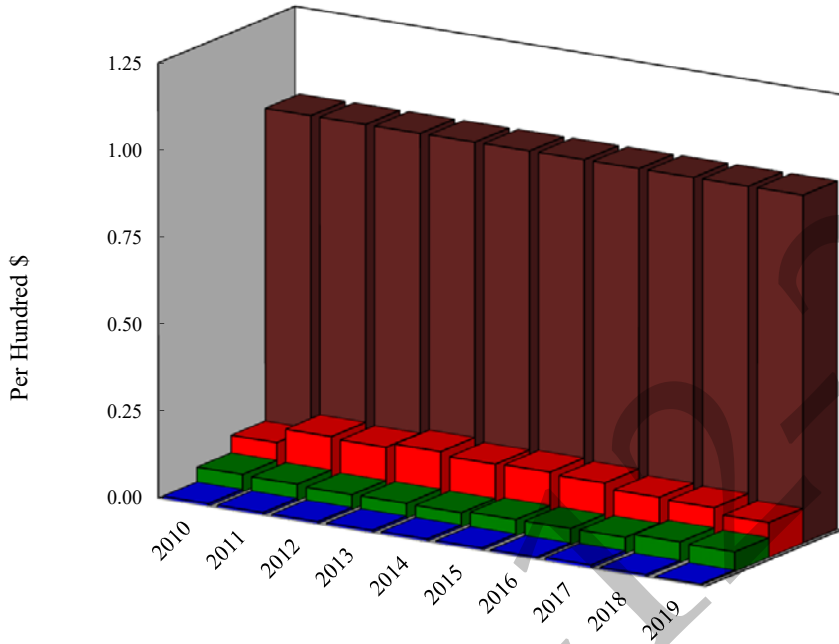
Fiscal Year						
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$	23,475,393	\$ 23,208,820	\$ 23,269,892	\$ 25,945,129	\$ 26,253,026	\$ 28,244,329
	2,440,127	2,921,002	2,573,475	1,715,580	2,124,903	2,310,655
	5,837,581	5,794,386	4,773,001	4,210,174	5,395,057	5,584,504
	5,343,265	6,467,771	5,442,133	5,075,503	5,937,044	5,173,876
	772,164	428,735	698,308	192,978	332,938	1,809,164
	795,720	868,564	879,277	917,105	676,212	510,266
	-	2,215,430	2,258,892	2,366,908	2,474,814	2,475,916
	37,741	32,209	31,723	32,096	32,206	32,960
	3,648,277	3,130,975	2,396,992	1,011,939	640,844	579,755
	42,350,268	45,067,892	42,323,693	41,467,412	43,867,044	46,721,425
	13,742,189	13,747,198	13,763,316	13,251,288	14,423,554	14,945,407
	5,611,283	5,840,097	6,307,266	6,633,748	7,125,686	7,962,135
	4,335,599	4,218,500	3,695,504	3,793,930	4,192,165	4,577,495
	-	-	-	-	-	-
	2,131,438	2,268,844	2,332,268	2,508,677	2,529,017	2,493,617
	322,817	411,863	452,726	466,762	521,147	628,240
	8,499,854	8,647,451	9,144,797	8,390,959	8,770,082	8,004,254
	21,687	-	-	-	-	-
	4,097,662	3,800,478	3,241,657	6,867,034	9,778,058	7,888,914
	-	-	-	-	-	-
	-	-	-	-	-	-
	38,762,529	38,934,431	38,937,534	41,912,398	47,339,709	46,500,062
	3,587,739	6,133,461	3,386,159	(444,986)	(3,472,665)	221,363
	-	-	-	-	-	-
	3,418,872	8,977,220	3,315,846	7,907,692	3,176,760	4,264,131
	(2,921,409)	(7,788,049)	(1,284,514)	(7,612,012)	(3,880,131)	(3,323,756)
	-	-	-	4,435	378,219	1,912,316
	497,463	1,189,171	2,031,332	300,115	(325,152)	2,852,691
	-	-	-	-	-	-
	-	-	-	-	-	-
	(4,534,538)	-	-	-	-	-
\$	4,085,202	\$ 7,322,632	\$ 5,417,491	\$ (144,871)	\$ (3,797,817)	\$ 3,074,054
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Fiscal Year	Utility and Unsecured Property	Percent Change	Secured Property	Percent Change	Total Assessed	Estimated Full Market	Total Direct Tax Rate
2010	241,286,055	11.50%	8,076,101,607	1.59%	8,317,387,662	32,304,406,428	1.0584
2011	217,353,236	-9.92%	8,044,692,600	-0.39%	8,262,045,836	32,178,770,400	1.0555
2012	217,297,593	-0.03%	8,152,459,157	1.34%	8,369,756,750	32,609,836,628	1.0499
2013	211,268,609	-2.77%	8,465,420,032	3.84%	8,676,688,641	33,861,680,128	1.0508
2014	224,079,502	6.06%	9,238,816,900	9.14%	9,462,896,402	36,955,267,600	1.0493
2015	227,331,042	1.45%	9,767,782,505	5.73%	9,995,113,547	39,071,130,020	1.0544
2016	217,035,545	-4.53%	10,417,804,357	6.65%	10,634,839,902	41,671,217,428	1.0533
2017	304,443,013	40.27%	11,240,554,198	7.90%	11,544,997,211	44,962,216,792	1.0560
2018	330,504,877	8.56%	11,969,049,272	6.48%	12,299,554,149	47,876,197,088	1.0659
2019	359,276,665	8.71%	12,795,393,103	6.90%	13,154,669,768	51,181,572,412	1.0607

Source: Santa Clara County Assessed Value Report





Santa Clara Valley Water District County  
 County Bonds and Levies  
 School District Bonds and Loans  
 Basic County Wide Levy

Fiscal Year	Basic County Wide Levy	County Bonds and Levies	Santa Clara Valley Water District	School District Bonds and Loans	Total
2010	1.0000	0.0510	0.0074	0.1021	1.1605
2011	1.0000	0.0483	0.0072	0.1449	1.2004
2012	1.0000	0.0435	0.0064	0.1393	1.1892
2013	1.0000	0.0439	0.0069	0.1523	1.2031
2014	1.0000	0.0423	0.0070	0.1417	1.1910
2015	1.0000	0.0479	0.0065	0.1442	1.1986
2016	1.0000	0.0476	0.0057	0.1381	1.1914
2017	1.0000	0.0474	0.0086	0.1223	1.1783
2018	1.0000	0.0597	0.0062	0.1177	1.1836
2019	1.0000	0.0565	0.0042	0.1006	1.1613

Source: Santa Clara County Book of Tax Rates

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

ASSESSEE NAME	2009/10		2010/11	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 21,000,000	0.26%	\$ 20,950,229	0.26%
980 JR LLC				
Alberto Way Holdings LLC	20,927,018	0.26%	20,877,418	0.26%
Ann R. Desantis			-	0.00%
Boccardo Corporation	37,747,020	0.47%	36,839,021	0.46%
CH Realty IV Downing LP	29,391,300	0.37%	19,000,000	0.24%
D&K Los Gatos LLC	20,400,000	0.26%	20,351,651	0.25%
David A. and Shari Flick Trustee	-	0.00%	14,614,447	0.18%
Donahue Schriber Realty Group LP				
DS Downing Los Gatos LLC			-	0.00%
DS Village Square				
El Camino Hospital			-	0.00%
Equestrian 3 Investments LLC				
Fox Creek Fund LLC				
Good Samaritan Hospital LP	-	0.00%	-	0.00%
Grade Way Associations VI	14,434,261	0.18%	14,400,050	0.18%
Green Eyes LLC	-	0.00%	-	0.00%
Grosvenor USA Ltd.	20,958,858	0.26%	20,909,185	0.26%
Health Care REIT Inc,	24,969,600	0.31%	19,720,749	0.25%
International Hotel				
Kay Kaoru and Go Sasaki Sr., Trustees			-	0.00%
Knowles Los Gatos LLC	32,000,000	0.40%	45,778,757	0.57%
KSL Capital Partners	14,030,096	0.18%	39,960,114	0.50%
Leland E Lester, Trustee				
LG Business Park Bldg 3 LLC				
LG Business Park Bldg 4 LLC				
LG Business Park LLC	-	0.00%	-	0.00%
LG Hotel LLC			-	0.00%
Los Gatos Hotel Corp.	13,906,273	0.17%	15,978,009	0.20%
Lyon Baytree Apartments LLC	14,161,525	0.18%	14,111,407	0.18%
Safeway Inc.				
San Jose Water Works	20,162,848	0.25%	23,313,978	0.29%
Serramonte Corporate Center LLC				
SI 32 LLC			-	0.00%
Sobrato Interests IV LLC	156,934,561	1.94%	150,781,092	1.87%
SRI Old Town LLC	29,626,371	0.37%	29,556,155	0.37%
Summerhill Prospect Avenue LLC				
Wealthcap Los Gatos 121				
Wealthcap Los Gatos 31				
Windrose Los Gatos Properties LLC	-	0.00%	-	0.00%
Total - Principal taxpayers	\$ 560,999,695	6.95%	\$ 582,218,627	7.24%
Total - All real properties assessed by the Town (1)	\$8,075,202,207		\$8,043,793,200	

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

Source Data: California Municipal Statistics, Inc.

2011/12		2012/13		2013/14	
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
\$ -	0.00%	\$ 12,137,999	0.14%	\$ 18,600,000	0.20%
21,034,623	0.26%	23,145,064	0.27%	23,607,964	0.26%
-	0.00%	-	0.00%	13,823,779	0.15%
37,173,877	0.46%	37,550,368	0.44%	38,617,912	0.42%
19,143,068	0.23%	19,525,927	0.23%	19,916,443	0.22%
15,284,324	0.19%	15,590,010	0.18%	15,901,809	0.17%
14,724,487	0.18%	15,018,971	0.18%		
-	0.00%	-	0.00%		
-	0.00%	-	0.00%		
19,372,795	0.24%	19,530,183	0.23%	19,710,897	0.21%
14,508,482	0.18%	14,798,651	0.17%	15,094,623	0.16%
-	0.00%	12,542,555	0.15%	12,793,404	0.14%
21,066,630	0.26%	22,437,962	0.27%	22,886,720	0.25%
19,869,245	0.24%	19,223,348	0.23%	20,671,960	0.22%
-	0.00%	-	0.00%	22,752,809	0.25%
46,123,468	0.57%	47,045,934	0.56%	47,986,850	0.52%
41,698,751	0.51%	42,532,721	0.50%	43,383,370	0.47%
		-	0.00%		
		-	0.00%		
18,342,931	0.23%	-	0.00%	47,276,977	0.51%
-	0.00%	-	0.00%		
15,683,979	0.19%	15,617,134	0.18%	18,134,182	0.20%
14,177,039	0.17%	14,430,123	0.17%	14,674,716	0.16%
29,369,137	0.36%	30,882,009	0.36%	33,626,381	0.36%
-	0.00%	-	0.00%		
157,554,525	1.93%	157,559,245	1.86%	169,809,676	1.84%
29,778,712	0.37%	30,374,286	0.36%	30,981,771	0.34%
		-	0.00%		
		\$ -	0.00%		
		\$ -	0.00%		
		-	0.00%		
\$ 583,795,249	7.16%	\$ 584,030,904	6.90%	\$ 650,252,243	7.68%
<u>\$8,151,530,237</u>		<u>\$8,464,491,112</u>		<u>\$9,237,887,980</u>	

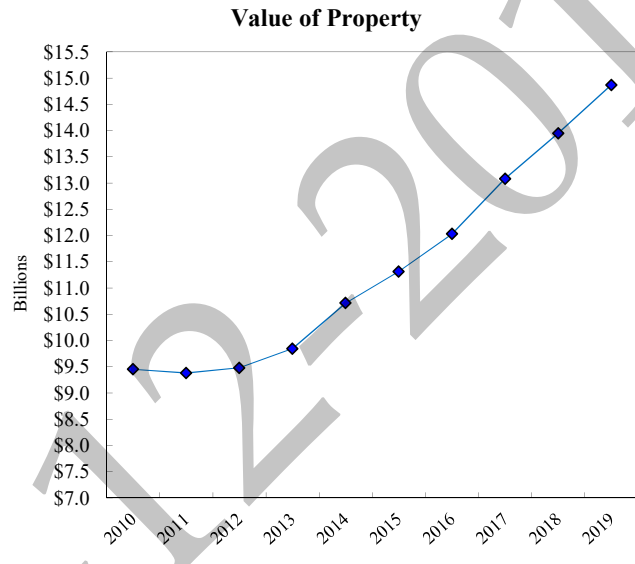
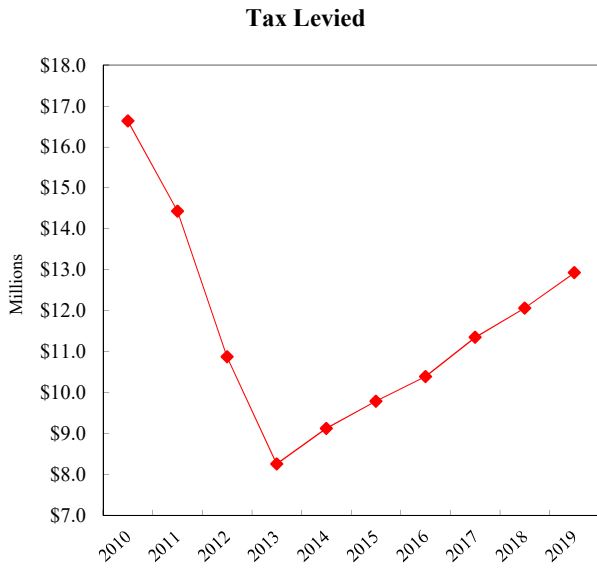
ASSESSEE NAME	2014/15		2015/16	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
750 University LLC	\$ 19,000,000	0.19%	\$ 19,379,620	0.19%
980 JR LLC				
Alberto Way Holdings LLC	23,715,141	0.24%	24,188,966	0.23%
Ann R. Desantis				
Boccardo Corporation	38,772,905	0.40%	21,617,318	0.21%
CH Realty IV Downing LP				
D&K Los Gatos LLC	15,974,003	0.16%	16,293,163	0.16%
David A. and Shari Flick Trustee	15,388,884	0.16%		
Donahue Schriber Realty Group LP				
DS Downing Los Gatos LLC	20,006,861	0.20%	21,980,568	0.21%
DS Village Square				
El Camino Hospital	20,803,609	0.21%	26,477,160	0.25%
Equestrian 3 Investments LLC				
Fox Creek Fund LLC				
Good Samaritan Hospital LP	19,602,594	0.20%	19,880,366	0.19%
Grade Way Associations VI	15,163,152	0.16%		
Green Eyes LLC				
Grosvenor USA Ltd.	22,990,624	0.24%	23,449,975	0.23%
Health Care REIT Inc,	20,765,810	0.21%	20,089,903	0.19%
International Hotel				
Kay Kaoru and Go Sasaki Sr., Trustees			24,744,983	0.24%
Knowles Los Gatos LLC	48,204,708	0.49%	49,167,836	0.47%
KSL Capital Partners	43,580,326	0.45%	30,134,614	0.29%
Leland E Lester, Trustee				
LG Business Park Bldg 3 LLC			61,947,284	0.59%
LG Business Park Bldg 4 LLC				
LG Business Park LLC	39,347,485	0.40%	17,507,261	0.17%
LG Hotel LLC	15,448,057	0.16%	15,497,395	0.15%
Los Gatos Hotel Corp.	15,573,314	0.16%	15,676,113	0.15%
Lyon Baytree Apartments LLC				
Safeway Inc.				
San Jose Water Works	36,693,453	0.38%	37,081,049	0.36%
Serramonte Corporate Center LLC				
SI 32 LLC	150,563,119	1.54%	141,348,894	1.36%
Sobrato Interests IV LLC	20,869,338	0.21%	44,930,482	0.43%
SRI Old Town LLC	31,122,427	0.32%	31,744,252	0.30%
Summerhill Prospect Avenue LLC				
Wealthcap Los Gatos 121				
Wealthcap Los Gatos 31				
Windrose Los Gatos Properties LLC	-		-	0.00%
Total - Principal taxpayers	\$ 394,337,473	6.49%	\$ 663,137,202	6.37%
Total - All real properties assessed by the Town (1)	\$9,766,765,025		\$10,416,786,877	

(1) Assessed value includes only net secured real properties.

(2) Excludes the value of tax-exempt properties

Source Data: California Municipal Statistics, Inc.

2016/17		2017/18		2019/20	
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
\$ 19,675,159	0.18%	\$ 25,241,863	0.21%	\$ 25,746,699	0.20%
24,557,845	0.22%	25,048,998	0.21%	19,277,879	0.15%
21,918,921	0.20%	22,211,650	0.19%	25,549,975	0.20%
				22,651,732	0.18%
		53,872,083	0.45%	56,370,186	0.44%
22,315,770	0.20%				
22,799,599	0.20%				
26,880,933	0.24%	23,353,576	0.20%	28,596,104	0.22%
		29,584,251	0.25%	28,563,864	0.22%
				21,558,664	0.17%
22,402,756	0.20%	22,516,823	0.19%	22,934,274	0.18%
20,396,274	0.18%				
		30,144,617	0.25%	30,747,509	0.24%
25,122,131	0.22%	25,624,027	0.21%	26,135,962	0.20%
49,917,644	0.44%	50,915,995	0.43%	51,934,313	0.41%
30,105,945	0.27%	25,893,946	0.22%	26,411,820	0.21%
29,004,169	0.26%				
		53,465,724	0.45%		
		43,937,857	0.37%		
31,070,572	0.28%				
		24,394,468	0.20%		
38,710,728	0.34%	41,202,805	0.34%	46,150,577	0.36%
				200,844,610	1.57%
143,442,269	1.28%	146,317,944	1.22%	149,208,182	1.17%
42,240,994	0.38%	43,071,837	0.36%	43,919,879	0.34%
32,228,351	0.29%	32,872,917	0.27%	33,530,374	0.26%
18,274,508	0.16%				
109,100,000	0.97%	111,282,000	0.93%	113,507,640	0.89%
84,000,000	0.75%	85,680,000	0.72%	87,393,600	0.68%
	0.00%				
<u>\$ 814,164,568.00</u>	<u>7.24%</u>	<u>\$ 916,633,381.00</u>	<u>7.66%</u>	<u>#####</u>	<u>8.29%</u>
<u>\$11,239,536,718</u>		<u>\$11,968,031,792</u>		<u>\$12,793,751,423</u>	



Fiscal Year	Town Property Tax Levied and Collected	Redevelopment Property Tax Levied and Collected	Total Property Tax Levied and Collected	Value of Town Property subject to Local Tax Rate	Value of Redevelopment Agency Property Subject to Local Tax Rate	Value of Property Subject to Local Tax Rate
2010	7,608,137	9,022,863	16,630,999	8,317,387,662	1,134,135,499	9,451,523,161
2011	7,567,880	6,861,650	14,429,530	8,262,045,836	1,117,973,351	9,380,019,187
2012	7,520,265	3,349,254	10,869,519	8,369,756,750	1,109,305,673	9,479,062,423
2013	8,253,442	-	8,253,442	8,676,688,641	1,167,752,021	9,844,440,662
2014	9,120,626	-	9,120,626	9,462,896,402	1,249,873,303	10,712,769,705
2015	9,787,519	-	9,787,519	9,995,113,547	1,318,214,863	11,313,328,410
2016	10,388,424	-	10,388,424	10,634,839,902	1,395,509,489	12,030,349,391
2017	11,345,588	-	11,345,588	11,544,997,211	1,537,577,241	13,082,574,452
2018	12,060,228	-	12,060,228	12,299,554,149	1,650,746,473	13,950,300,622
2019	12,924,592	-	12,924,592	13,154,669,768	1,717,358,555	14,872,028,323

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

Fiscal Year	Governmental Activities						
	1992 Certificate of Participation	2002 Certificate of Participation	2010 Certificate of Participation	Total Governmental Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2010	470,000	9,120,000	15,675,000	25,265,000	25,265,000	19.4%	820.24
2011	240,000	8,865,000	15,675,000	24,780,000	24,780,000	19.7%	835.72
2012	-	-	-	-	-	0.0% <sup>1)</sup>	0.00
2013	-	-	-	-	-	0.0%	0.00
2014	-	-	-	-	-	0.0%	0.00
2015	-	-	-	-	-	0.0%	0.00
2016	-	-	-	-	-	0.0%	0.00
2017	-	-	-	-	-	0.0%	0.00
2018	-	-	-	-	-	0.0%	0.00
2019	-	-	-	-	-	0.0%	0.00

<sup>1)</sup> Debt was transferred to the Successor Agency Trust Fund as a part of the RDA dissolution

2018/19 Assessed Valuation:

\$13,154,669,768

DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable	(1)	Total Debt at June 30, 2019	Estimated Share of Direct and Overlapping Debt at June 30, 2019
<b>Overlapping Tax &amp; Assessment Debt</b>				
Santa Clara County	2.724%		\$ 947,220,000	\$ 25,802,273
West Valley-Mission Community College District	9.343%		\$ 635,310,000	\$ 59,357,013
Campbell Union High School District	8.094%		\$ 389,345,000	\$ 31,513,584
Los Gatos-Saratoga Joint Union High School District	34.664%		\$ 95,760,000	\$ 33,194,246
Cambrian School District	0.287%		\$ 49,514,944	\$ 142,108
Campbell Union High School District	8.210%		\$ 194,775,237	\$ 15,991,047
Los Gatos Union School District	71.107%		\$ 80,975,000	\$ 57,578,893
Saratoga Union School District	0.033%		\$ 23,580,378	\$ 7,782
Union School District	20.788%		\$ 103,253,148	\$ 21,464,264
Midpeninsula Regional Open Space District	4.595%		\$ 92,460,000	\$ 4,248,537
Santa Clara Valley Water District Benefit Assessment District	2.724%		\$ 73,570,000	\$ 2,004,047
<b>Total Overlapping Tax and Assessment Debt</b>				<b>\$ 251,303,794</b>
<b>Overlapping General Fund Debt</b>				
Santa Clara County General Fund Obligations	2.724%		\$ 710,539,120	\$ 19,355,086
Santa Clara County Pension Obligations	2.724%		\$ 352,378,882	\$ 9,598,801
Santa Clara County Board of Education Certificates of Participation	2.724%		\$ 4,255,000	\$ 115,906
West Valley-Mission Community College District General Fund Obligations	9.343%		\$ 62,200,000	\$ 5,811,346
Campbell Union High School District General Fund Obligations	8.094%		\$ 10,000,000	\$ 809,400
Los Gatos-Saratoga Joint Union High School District Certificates of Participation	34.664%		\$ 3,538,000	\$ 1,226,412
Campbell Union School District General Fund Obligations	6.224%		\$ 3,535,000	\$ 220,028
Saratoga Union School District Certificates of Participation	0.052%		\$ 2,245,000	\$ 1,167
Santa Clara County Vector Control District Certificates of Participation	2.724%		\$ 2,245,000	\$ 61,154
Midpeninsula Regional Open Space Park District General Fund Obligations	4.595%		\$ 117,450,600	\$ 5,396,855
<b>Total Gross Overlapping General Fund Debt</b>				<b>\$ 42,596,155</b>
Less: Santa Clara County Supported Obligations				\$ 8,767,697
<b>Total Overlapping General Fund Debt</b>				<b>\$ 33,828,458</b>
<b>Overlapping Tax Increment Debt (Successor Agency)</b>				
Town of Los Gatos Certificated of Participations				\$ 16,350,000
<b>Total of Overlapping Tax Increment Debt</b>				<b>\$ 16,350,000</b>
<b>Total Direct Debt</b>				<b>\$0</b>
Total Gross Overlapping Debt				\$ 310,429,949
Total Net Overlapping Debt				\$ 301,662,252
Gross Combined Total Debt				\$ 310,429,949 (2)
Net Combined Total Debt				\$ 301,662,252

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2018/19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt: 1.91%  
 Total Direct Debt: 0.00%  
 Gross Combined Total Debt: 2.36%  
 Net Combined Total Debt: 2.29%

Ratios to Redevelopment Incremental Valuation ( \$1,408,818,209):

Total Overlapping Tax Increment Debt: 1.17%



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

	Fiscal				
	2009/10	2010/11	2011/12	2012/13	2013/14
Debt Limit	\$ 1,185,727	\$ 1,204,551	\$ 1,195,035	\$ 1,216,131	\$ 1,263,138
Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	\$ 1,185,727	\$ 1,204,551	\$ 1,195,035	\$ 1,216,131	\$ 1,263,138
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes:**

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

Legal Debt Margin Calculation  
for Fiscal Year 2018/19

Assessed Value	\$ 11,927,312,472
Debt Limit	1,789,096,871
Debt Applicable to Limit:	
Legal Debt Margin	<u>\$ 1,789,096,871</u>

Fiscal Year	2014/15	2015/16	2016/17	2017/18	2018/19
	\$ 1,379,254	\$ 1,444,943	\$ 1,556,252	\$ 1,679,736	\$ 1,789,097
	-	-	-	-	-
	\$ 1,379,254	\$ 1,444,943	\$ 1,556,252	\$ 1,679,736	\$ 1,789,097

0.00%      0.00%      0.00%      0.00%      0.00%

Fiscal Year Ended	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (5)	County Unemployment Rate (6)
2010	30,802	1,787,070	58,018	45.09	6,100	11.3%
2011	29,651	1,833,410	61,833	44.22	6,184	10.3%
2012	29,808	1,854,892	62,228	42.64	6,352	8.7%
2013	30,247	2,140,641	70,772	45.80	6,420	6.8%
2014	30,443	2,267,912	74,497	45.80	6,522	5.7%
2015	30,505	2,197,885	72,050	46.10	6,622	3.8%
2016	31,376	2,286,087	72,861	46.30	6,646	3.5%
2017	31,314	2,281,569	72,861	46.50	6,631	3.8%
2018	30,601	2,290,638	74,855	46.81	6,588	2.6%
2019	30,998	2,365,178	76,301	46.72	6,544	2.6%

Source:

- (1) California State Dept. of Finance - Population Research Unit (January 2019)
- (2) California State Dept. of Finance - Estimate equals county per capita average times population
- (3) California State Dept of Finance - county per capita at: [labormarketinfo.edd.ca.gov](http://labormarketinfo.edd.ca.gov)
- (4) Claritas demographic snapshot report
- (5) Los Gatos Saratoga Joint Union and Los Gatos Union Elementary School Districts
- (6) State of California, Employment Development Dept., Labor Market Info. Div.

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Town of Los Gatos  
Principal Employers  
Last Ten Fiscal Years

<u>Principal Employers</u>	2009/10		2010/11	
	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment
Columbia Health Care Assoc/Mission Oaks Hospital	2,000	12.17%	2,000	12.60%
El Camino Hospital, Los Gatos	700	4.26%	700	4.41%
Los Gatos Union School District	300	1.83%	300	1.89%
Los Gatos-Saratoga High School District	300	1.83%	300	1.89%
Netflix	280	1.70%	800	5.04%
Safeway	250	1.52%	250	1.57%
Alain Pinel Realtors	220	1.34%	220	1.39%
Verizon	-	0.00%	-	0.00%
Courtside Tennis Club	200	1.22%	200	1.26%
Town of Los Gatos	148	0.90%	138	0.87%
Whole Foods	-	0.00%	-	0.00%
Vasona Creek Health Care Center	-	0.00%	-	0.00%
Good Samaritan Regional Cancer Center	-	0.00%	-	0.00%
Roku	-	0.00%	-	0.00%
Terraces of Los Gatos	-	0.00%	-	0.00%

Source: Town of Los Gatos, Finance Department and Muniservices

2011/12		2012/13		2013/14		2014/15	
Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment
2,000	13.89%	2,000	13.29%	2,000	13.52%	-	0.00%
700	4.86%	700	4.65%	700	4.73%	560	3.73%
275	1.91%	275	1.83%	237	1.60%	273	1.82%
270	1.88%	270	1.79%	256	1.73%	157	1.05%
800	5.56%	900	5.98%	825	5.58%	1,530	10.19%
250	1.74%	250	1.66%	250	1.69%	314	2.09%
150	1.04%	150	1.00%	156	1.05%	156	1.04%
-	0.00%	-	0.00%	-	0.00%	-	0.00%
200	1.39%	200	1.33%	295	1.99%	440	2.93%
136	0.94%	138	0.92%	144	0.97%	157	1.05%
-	0.00%	-	0.00%	-	0.00%	179	1.19%
-	0.00%	-	0.00%	-	0.00%	233	1.55%
-	0.00%	-	0.00%	-	0.00%	200	1.33%
-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%

Principal Employers

	2015/16		2016/17	
	Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment
Columbia Health Care Assoc/Mission Oaks Hospital	-	0.00%	-	0.00%
El Camino Hospital, Los Gatos	560	3.53%	560	3.49%
Los Gatos Union School District	280	1.76%	274	1.71%
Los Gatos-Saratoga High School District	157	0.99%	370	2.30%
Netflix	1,976	12.45%	1,864	11.61%
Safeway	314	1.98%	314	1.95%
Alain Pinel Realtors	146	0.92%	148	0.92%
Verizon	-	0.00%	-	0.00%
Courtside Tennis Club	440	2.77%	468	2.91%
Town of Los Gatos	158	1.00%	160	1.00%
Whole Foods	179	1.13%	179	1.11%
Vasona Creek Health Care Center	233	1.47%	233	1.45%
Good Samaritan Regional Cancer Center	200	1.26%	200	1.25%
Roku	487	3.07%	554	3.45%
Terraces of Los Gatos	228	1.44%	228	1.42%



Schedule 13

2017/18		2018/19	
Emp.	Percentage of Total Town Employment	Emp.	Percentage of Total Town Employment
	0.00%		0.00%
560	3.43%	560	3.49%
267	1.64%	281	1.75%
367	2.25%	367	2.28%
2,117	12.98%	2,314	14.41%
314	1.92%	314	1.95%
131	0.80%	131	0.82%
	0.00%		0.00%
542	3.32%	542	3.37%
159	0.97%	160	1.00%
179	1.10%	125	0.78%
233	1.43%	233	1.45%
200	1.23%	200	1.25%
664	4.07%	516	3.21%
228	1.40%	228	1.42%

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

Schedule 14

Function/Program	Full-time-Equivalent Employees as of June 30									
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
General Government	18.35	18.90	20.15	20.40	20.73	20.97	20.97	21.35	21.97	22.16
Police	60.00	59.50	60.50	58.00	57.50	60.00	59.00	59.00	59.00	59.00
Culture and Recreation	5.25	3.25	-	-	-	-	-	-	-	-
Economic Development	1.00	1.00	1.00	-	0.50	0.63	0.63	0.63	0.75	0.75
Library	10.35	8.60	8.60	8.60	10.30	10.80	11.00	12.25	12.25	12.50
Planning	17.80	15.00	16.00	17.50	17.50	19.50	19.00	19.26	19.63	20.08
Public Works	35.00	32.50	32.00	31.00	31.50	32.00	33.50	33.50	34.50	34.50
<b>Total</b>	<b>147.75</b>	<b>138.75</b>	<b>138.25</b>	<b>135.50</b>	<b>137.53</b>	<b>143.90</b>	<b>144.10</b>	<b>145.98</b>	<b>148.10</b>	<b>148.99</b>

Full-time equivalent employment is calculated as one or more employee positions totaling one full year of service or approximately 2,080 hours a year.

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**FUNCTION/PROGRAM**

	2009/10	2010/11	2011/12	2012/13
<b>General government</b>				
Building Permits Issued				
Residential Permits Issued	733	711	747	738
Residential Permits Value	51,090,808	42,974,043	66,072,341	75,227,889
Commercial Permits Issued	117	128	107	137
Commercial Permits Value	7,908,146	31,289,431	17,663,124	46,855,615
Publically Owned Permits Issued	11	11	-	-
Publically Owned Permits Value	5,732,014	40,000	-	-
Residential Parking Permits				
Number of Special Event Permits Issued	87	96	89	125
Number of Annual Permits Issued	686	713	1,223	1,320
City Clerk				
Number of Council Resolutions Passed	167	76	59	74
Number of Ordinances Passed	16	6	13	20
Number of Contracts Passed	206	218	227	220
General Services				
Number of Purchase Orders Issued	365	336	358	318
<b>Police</b>				
Physical Arrests	831	872	690	648
Parking Violations	11,512	14,377	12,938	11,991
Traffic Violations	3,008	2,718	2,908	3,333
DUI Arrests	110	98	89	86
<b>Library</b>				
Circulated e-audiobooks	1,852	1,994	3,388	4,774
<b>Other Public Works</b>				
Street Resurfacing/Overlay/Reconstruction (miles)	4.7	4.7	8.0	8.0
ADA Compliance: Curb Ramps	13	17	19	19
Traffic Circles	1	1	1	1
Street Poles	1,605	1,708	1,611	1,611
<b>Planning and Development Department</b>				
Building & Safety Inspections Performed	9,055	10,977	11,738	11,902
Redevelopment: Number of active projects	3	1	1	-

\* July 2013 the Library separated from Northern CA Digital Library, Patrons had no longer access to collections of multiple libraries. By 2013 patrons access to more materials.

\*\* The Town streamlined the special event application where multiple events require only one permit.

Fiscal Year						
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
813	805	899	744	849	814	
87,307,822	76,896,111	85,000,754	53,625,891	63,083,249	80,030,846	
139	133	147	135	105	122	
138,676,507	178,195,997	20,185,884	50,024,177	16,626,196	13,295,999	
-	-	-	-	-	-	
-	-	-	-	-	-	
133	127	107	118	113	78 **	
1,376	1,570	1,363	1,251	1,342	1,395	
86	72	61	69	69	59	
16	9	11	5	17	11	
196	222	283	240	262	245	
301	277	334	331	322	343	
641	695	987	1,030	1,164	1,138	
14,421	13,321	13,975	12,863	11,784	6,817	
4,747	4,633	5,400	4,634	4,757	2,877	
62	48	58	60	51	70	
2,414 *	5,867 *	7,761	10,006	8,844	12,130	
10.0	1.8	8.0	10.0	2.6	5.8	
19	23	11	30	68	49	
-	1	1	1	1	1	
1,611	1,609	1,609	1,609	1,762	1,830	
12,764	11,652	8,655	14,722	13,918	13,966	
-	-	-	-	-	-	

2014 the Library has expanded its contents giving

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

Function/Program	Fiscal Year					
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Police</b>						
Number of Stations	2	2	2	2	2	2
Number of Patrol Units	14	14	14	14	14	14
Parking Enforcement Vehicles	2	2	2	2	2	2
<b>Other Public Works</b>						
Streets (miles)	132	132	132	132	132	132
Streetlights	2,112	2,115	2,116	2,116	2,109	1,609
Traffic Signals	28	28	29	29	29	29
<b>Parks and Recreation</b>						
Number of Parks	12	12	12	12	12	12
Number of Community Centers	1	1	1	1	1	1
Number of Parks & Open Spaces	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parking</b>						
Number of Parking Garages	1	1	1	1	1	1
Number of Parking Lots	22	22	22	22	22	22
Number of Off Street Parking Garage Spaces	1,126	1,126	1,126	1,126	1,126	1,126
Number of Downtown Off-Street Parking Spaces	N/A	N/A	N/A	N/A	N/A	N/A

Source: Town of Los Gatos, Finance Department

<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
2	2	2	2
14	14	14	14
2	2	2	2
132	132	132	132
1,609	1,609	1,762	1,830
30	30	30	31
12	12	12	N/A
1	1	1	1
N/A	N/A	N/A	18
1	1	1	1
22	22	22	22
1,126	1,126	1,126	N/A
N/A	N/A	N/A	1,269

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**OTHER INDEPENDENT AUDITOR'S REPORT**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the Town Council  
of the Town of Los Gatos  
Los Gatos, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Los Gatos, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Los Gatos, California's basic financial statements, and have issued our report thereon dated **DATE, 2019**.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Los Gatos, California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Los Gatos, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Los Gatos, California's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and Members of the Town Council  
of the Town of Los Gatos  
Los Gatos, California  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Los Gatos, California's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
DATE, 2019

**DRAFT RESOLUTION 2019-**

**RESOLUTION OF THE TOWN COUNCIL  
OF THE TOWN OF LOS GATOS APPROVING COMMITMENTS OF FUND BALANCE UNDER GASB 54**

**WHEREAS**, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, Fund Balance and Governmental Fund Type Definitions with the intent of improving financial reporting by providing fund balance categories that will be more easily understood and to improve the comparability of governmental fund financial statements; and

**WHEREAS**, GASB 54 provides that the Town Council of the Town of Los Gatos classify governmental fund balances as restricted, assigned, or committed fund balances; and

**WHEREAS** GASB 54 provides that restricted reserves are funds that are restricted for externally imposed constraints such as legal contracts or state law, assigned amounts are constrained by the Town's intent to use them for specific purposes, and committed amounts are dedicated for specific purposes under constraints and formal action taken by the Town Council and these committed amounts cannot be used for any other purposes unless the Town Council of the Town of Los Gatos removes or changes the specific use through the same formal action to establish the commitment; and

**WHEREAS**, the Town Council of the Town of Los Gatos has established a General Fund Reserve Policy providing for minimum fund balance dollar target amounts for Budget Stabilization and Catastrophic fund balances and outlines policies and procedures for use and restoration of these balances; and

**WHEREAS**, the Budget Stabilization and Catastrophic Reserve should be maintained at the required minimum 12.5% of FY 2019/20 general fund budgeted operating expenditures of \$5,419,222 as specified in the Town Council General Fund Reserve Policy. This would increase both Budget Stabilization and Catastrophic Reserves from \$5,037,243 by \$381,979 from available year- end savings; and

**WHEREAS**, in June 2016, the Town Council established the committed Pension/OPEB Reserve to provide funding toward pension and Other Post-Employment Benefits (OPEB) unfunded obligations by placing discretionary amounts to the reserve with formal Council action and transferring available year-end surpluses based on the General Fund Reserve Policy; and

**WHEREAS**, on November 6, 2018 the Town Council provided direction to establish a an unassigned Surplus Property Revenue General Fund Reserve that any monies received from the sale of the property located on Winchester Boulevard and Lark Ave, APN 424-31-055 and any monies received from the sale of future surplus property be placed in this reserve, and the provisions for the reserve specifically indicate that Council may, at its discretion, distribute those funds as it deems appropriate; and

**WHEREAS**, on May 21, 2019 the Town Council directed a transfer of \$1,905,000 million (proceeds of the property located on Winchester Boulevard and Lark Ave, APN 424-31-055) from the unassigned Surplus Property Revenue Reserve to the committed General Fund Pension/OPEB Reserve; and

**WHEREAS**, on May 21, 2019 the Town Council directed an additional transfer of approximately \$1,337,500 million from the available assigned General Fund Capital/Special Projects Reserve to the committed General Fund Pension/OPEB Reserve, and

**WHEREAS**, there exists an excess balance as of June 30, 2019 from year-end surplus beyond the minimum dollar amount required under the approved Town Council General Fund Reserve Policy; and

**WHEREAS**, per Town Council General Fund Reserve Policy, \$300,000 will be placed to the CalPERS/OPEB Reserve from available year-end savings; and

**WHEREAS**, there exists a balance of \$4,232,500 as of June 30, 2019 in the committed CalPERS/OPEB Reserve; and

**WHEREAS**, The Town Council established the assigned Open Space reserve in the FY 1998/99 to be used for the preservation of open space, connection of open space trails, the definition of the southern boundary of the Town with passive open space, and protection of unique natural features; and

**WHEREAS**, there exists an excess balance of \$562,000 as of June 30, 2019 in the assigned Open Space Reserve; five-year capital plan transfers \$152,000 to the Open Space Trail Upgrades Project from this funding source; this transfer reduces the assigned General Fund Open Space Reserve by \$152,000 to \$410,000 as of June 30, 2020 and

**WHEREAS**, The Town Council established the assigned Sustainability Reserve in FY 2008/09 by closing the Solid Waste Management fund and placing the initial residual balance dedicated for conservation, recycling, and sustainability; and

**WHEREAS**, there exists an excess balance of \$140,553 as of June 30, 2019 in the assigned Sustainability Reserve; and

**WHEREAS**, there exists an assigned General Fund Compensated Absences Reserve allocated to fund 50% of all vested hours of sick leave, compensation, and vacation time with the actual reserve amount of \$1,232,654; and

**WHEREAS**, there exists an assigned To Workers' Comp Reserve from the other 50% of General Fund Compensated Absences Reserve with the actual reserve amount of \$1,232,653; and

**WHEREAS**, there exists an assigned Capital/Special projects Reserve to fund Council priorities, key infrastructure and capital/special projects as identified in the Town's five-year Capital Improvement Plan; and

**WHEREAS**, there exists an assigned authorized Carry Forward Reserve for materials and services on approved purchase order and contracts which were issued but not finalized or fulfilled as of the end of the fiscal year but for which funds will be carried forward to the following fiscal year with the actual reserve balance of \$413,729; and

**WHEREAS**, on May 21, 2019 the Town Council provided direction to close the Vehicle Maintenance and Stores Internal Service Funds and establish an assigned Vehicle Maintenance and Stores Residual Reserve and the provisions for the reserve specifically indicate that Council may, at its discretion, distribute those funds as it deems appropriate; and

**WHEREAS**, on May 21, 2019 the Town Council directed the use of the total amount of available funds in the unassigned Vehicle Maintenance and Stores Residual Reserve to provide funding for an additional \$5,000 Human Services grants, \$27,685 additional sidewalk cleaning, and approximately \$972,384 transfer to the Downtown Revitalization Project in FY 2019/20. The actual assigned Vehicle Maintenance and Stores Residual Balance is \$1,040,375 as of June 30, 2019; and

**WHEREAS**, there exists an assigned General Fund Compensated Absences Reserve allocated to fund 50% of all vested hours of sick leave, compensation, and vacation time with the actual reserve amount of \$1,232,654; and

**WHEREAS**, there exists an assigned To Workers' Comp Reserve from the other 50% of General Fund Compensated Absences Reserve with the actual reserve amount of \$1,232,653; and

**WHEREAS**, the remainder of the available year-end savings will be placed to the Capital/Special Project Reserve according to the Town Council Reserve Policy; and

**WHEREAS**, there exists an assigned Capital/Special Project Reserve in the amount of \$13,262,303;  
and

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES  
HEREBY RESOLVE** that the following fund balances as of June 30, 2019 as restricted, assigned, or  
formally committed as follows:

	<u>General Fund</u>	<u>Appropriated Reserves</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balance</b>				
Restricted for:				
Capital Outlay	\$ -	\$ 133,169	\$ 6,562,064	\$ 6,695,233
Pension	5,015,316	-	-	5,015,316
Repairs and Maintenance			208,139	208,139
Committed to:				
Budget Stabilization	5,419,222	-	-	5,419,222
Catastrophic	5,419,222	-	-	5,419,222
CalPERS/OPEB	4,232,500	-		4,232,500
Almond Grove Street Project		2,579,997		2,579,997
Assigned to:				
Open Space	562,000	-	-	562,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital/Special Projects	13,262,303	4,344,618	-	17,606,921
Carryover Encumbrances	413,729	-	-	413,729
Comcast PEG	-	50,000	-	50,000
Vehicle Maintenance & Stores	1,040,375	-	-	1,040,375
Compensated Absences	1,232,654	-	-	1,232,654
To Workers' Comp	1,232,653	-	-	1,232,653
Special Revenue Funds	-		326,102	326,102
<b>Total Fund Balances</b>	<u>\$ 37,970,527</u>	<u>\$ 8,567,994</u>	<u>\$ 7,096,305</u>	<u>\$ 53,634,826</u>

**PASSED AND ADOPTED** at a regular meeting of the Town Council held on the 17<sup>th</sup> day  
of December 2019 by the following vote:

**COUNCIL MEMBERS:**

AYES:

NAYS:

ABSENT:



ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

ATTEST:

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

# Town of Los Gatos

## Presentation to The Finance Committee

December 9, 2019

Presented by: Ahmed Badawi, CPA  
Partner



# **Badawi & Associates**

## **Audit of the**

### **Town of Los Gatos**

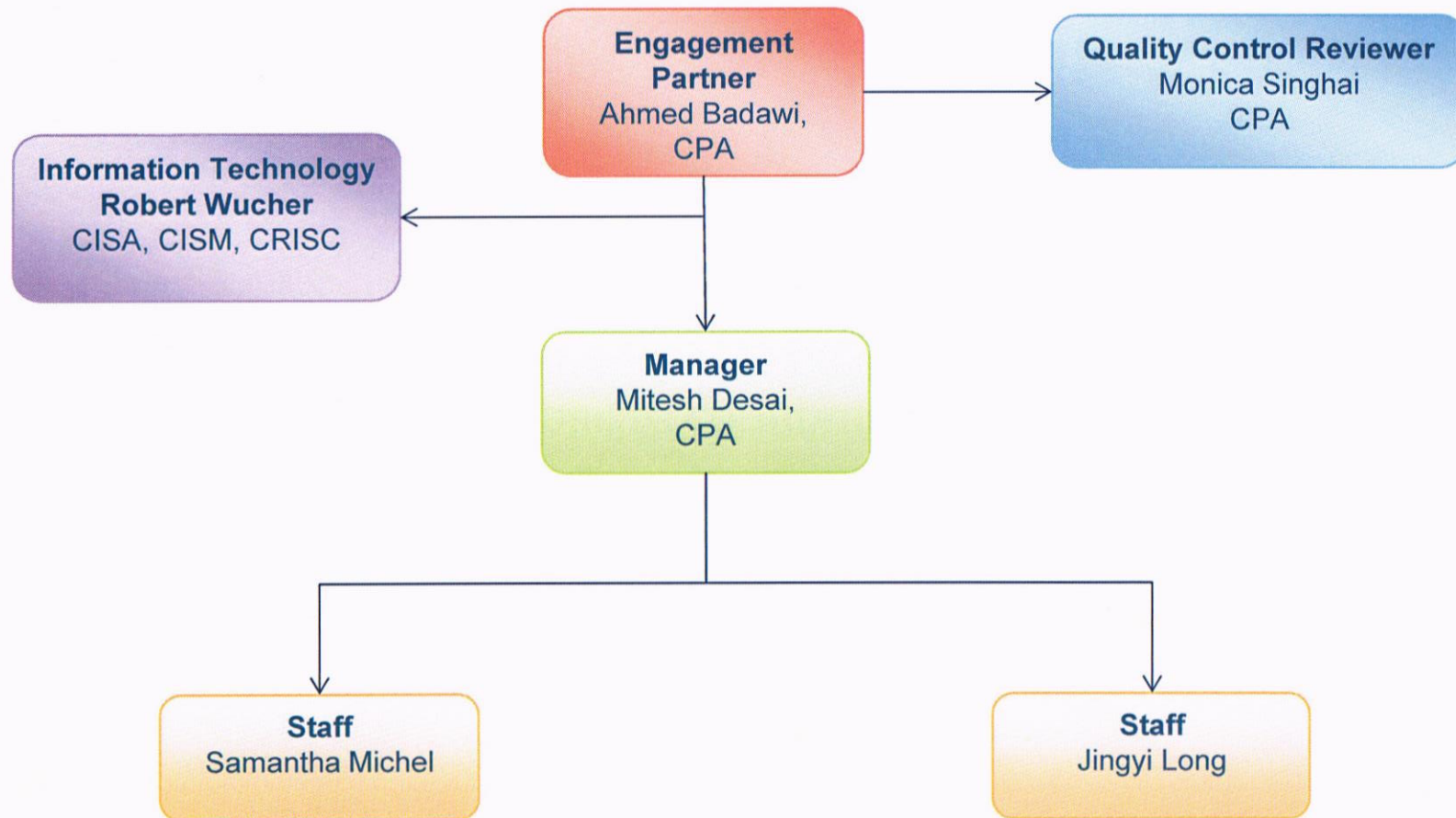
# Agenda

- Engagement Team
- Deliverables and Scope of the Audit
- Areas of Primary Emphasis
- Auditors Report and Financial Statements
- Required Communications
- New Accounting Standards
- Conclusion & Discussion/Questions

# Engagement Team



# Engagement Team



# Deliverables and Scope of the Audit

- Report of Independent Auditors on Town of Los Gatos Basic Financial Statements (BFS).
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
- Agreed-Upon Procedures Report on Appropriation Limit Schedule.
- Communications With Those Charged With Governance.
  - Letter used to summarize communication of various significant matters to those charged with governance.

# Areas of Primary Audit Emphasis

- The risk of management override of controls is addressed by the following procedures:
  - Assignment of audit staff based on consideration of audit risk.
  - Procedures to incorporate an element of unpredictability in the audit from period to period.
  - Consideration of the selection and application of significant accounting principles.
  - Examination of journal entries.
  - Review of accounting estimates for bias.
  - Evaluation of business rationale for unusual transactions.
  - Evaluation of the appropriateness of fraud-related inquiries performed
- Revenues & Receivables (Tax, Grants, Notes and Others): Improper revenue recognitions
  - Confirm/validate property taxes, sales taxes, district taxes, franchise taxes & other significant revenues/receivables.
  - Performed testing of licenses, permits and fees revenues
- Pension and OPEB: Complex accounting
  - Reviewed management's journal entries for pension and OPEB
  - Agreed amounts recorded to reports provided by CalPERS and Town's Actuary
  - Tested the census data used by CalPERS and Town's Actuary
  - Obtained reports from CalPERS auditors regarding plan assets and census data





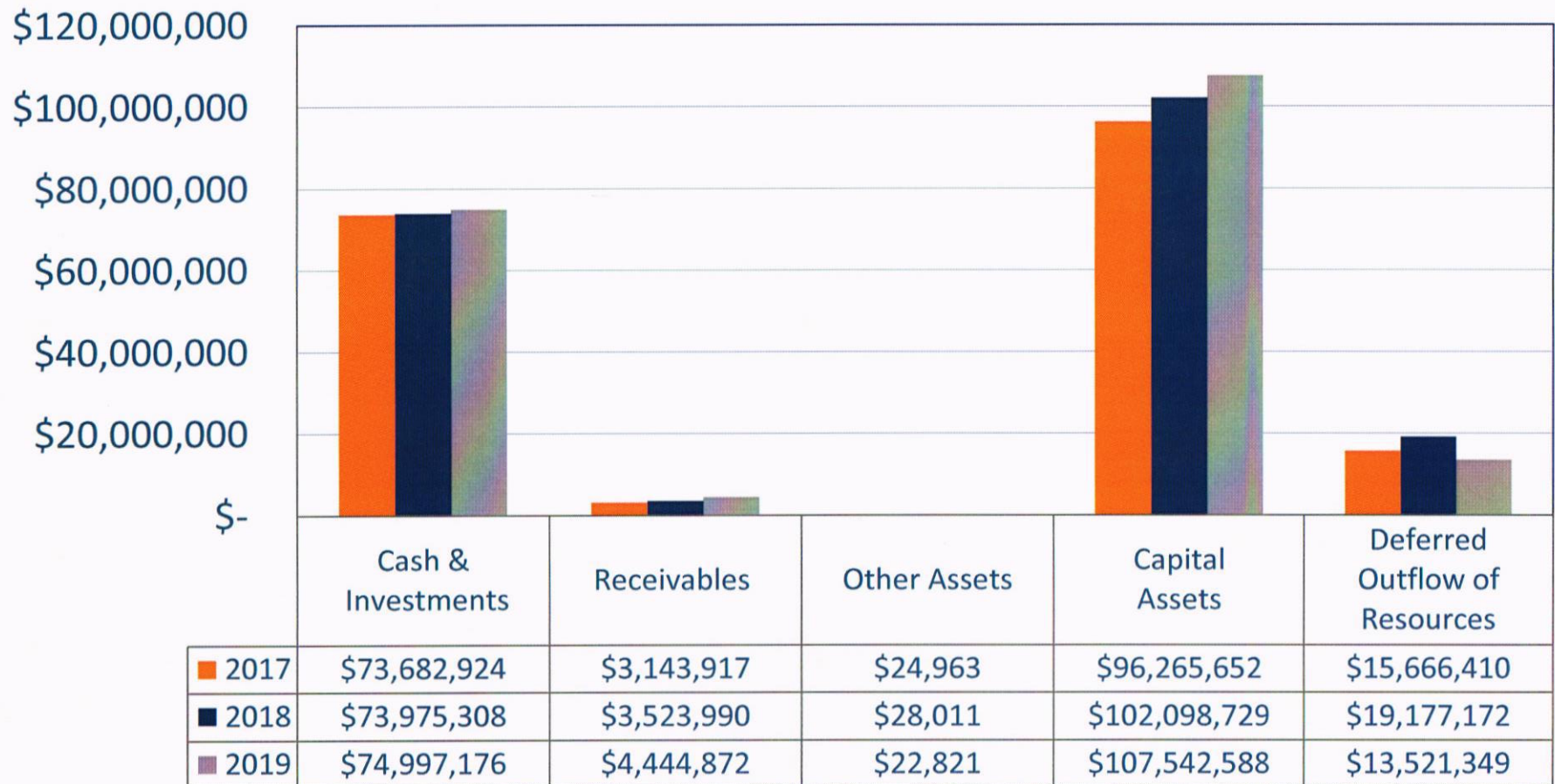
# Auditors Report

- Unmodified opinion
- Audit performed in accordance with *Generally Accepted Auditing Standards*, and *Government Auditing Standards*
- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements



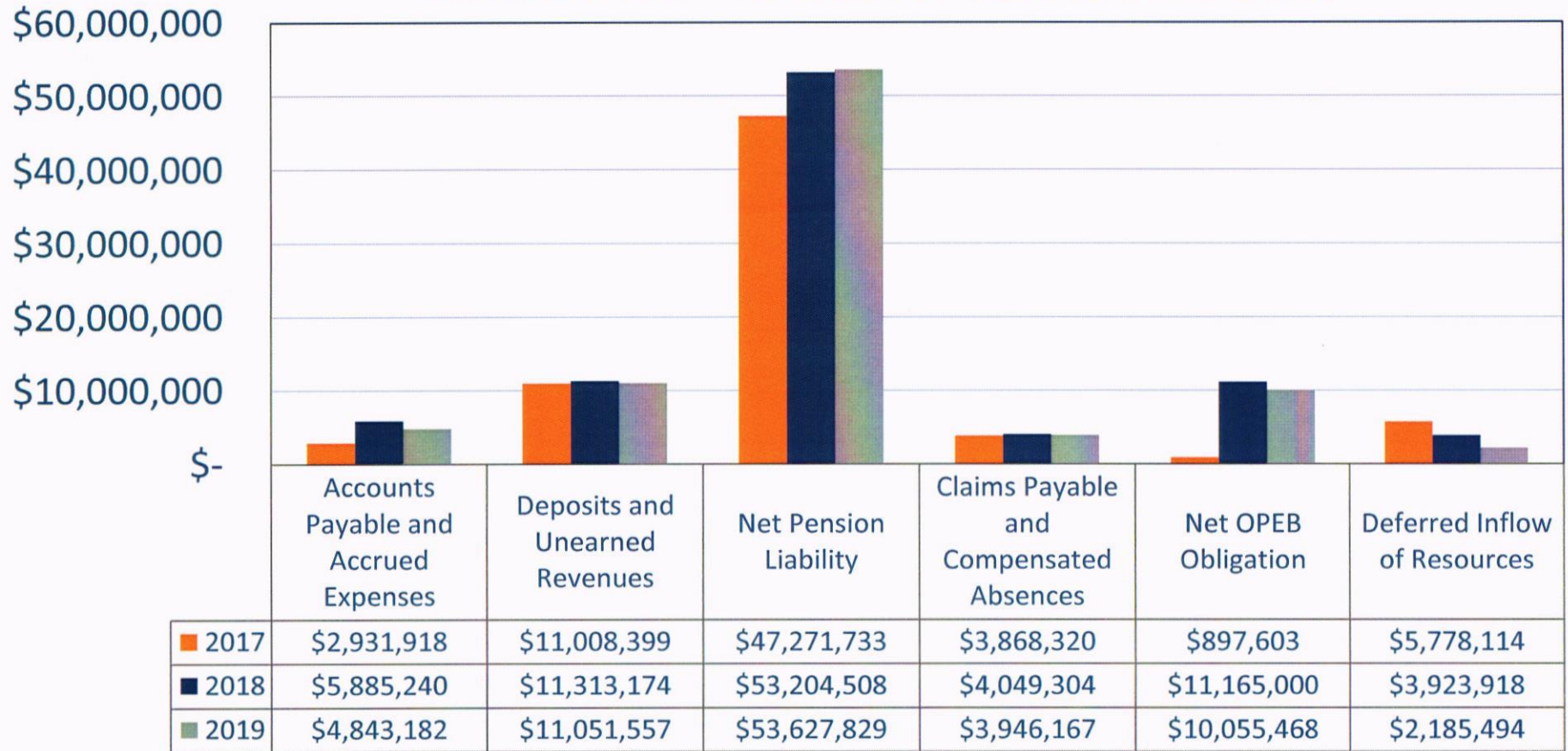
# Government-Wide Financial Statements

## Assets and Deferred Outflows of Resources



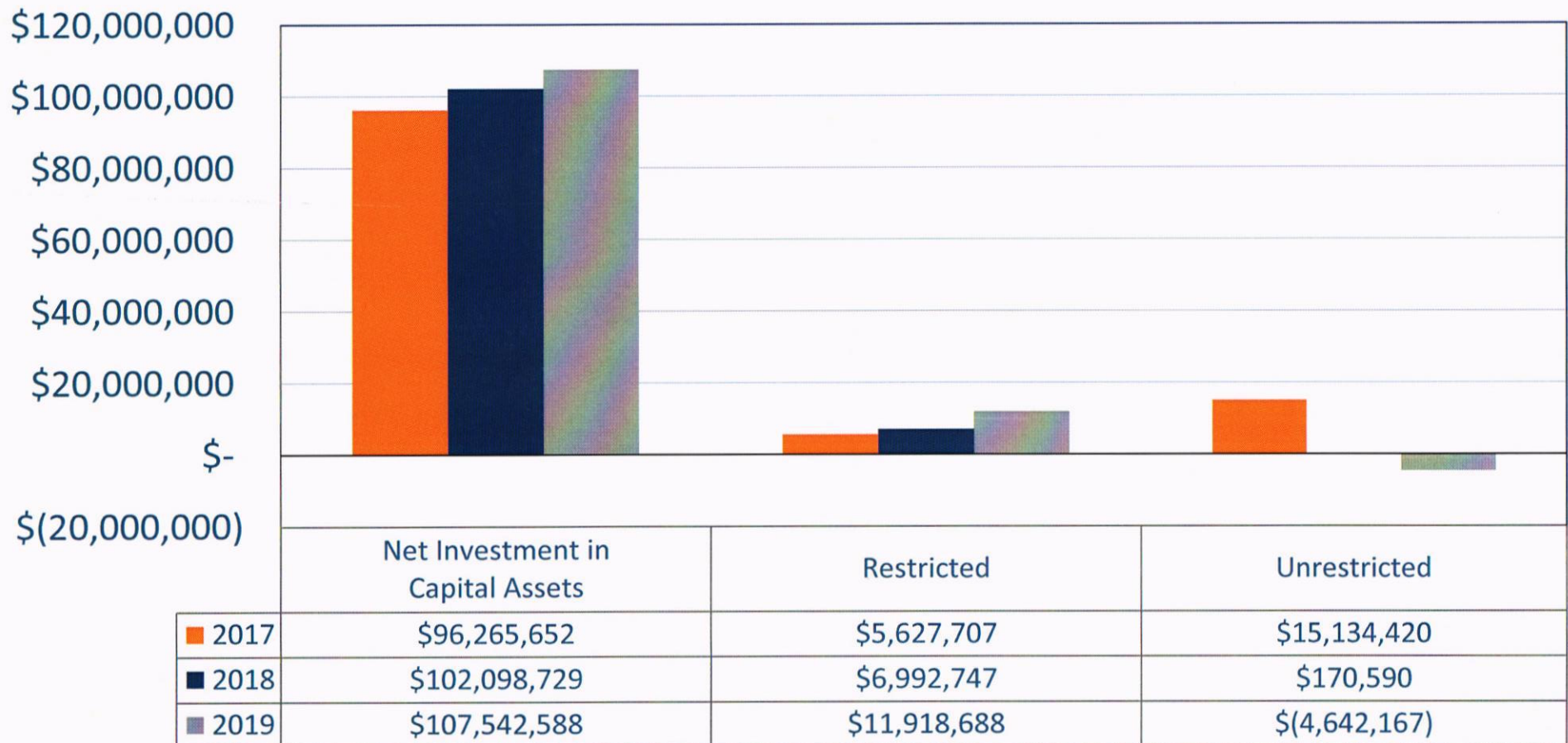
# Government-Wide Financial Statements

## Liabilities and Deferred Inflows of Resources



# Government-Wide Financial Statements

## Net Position



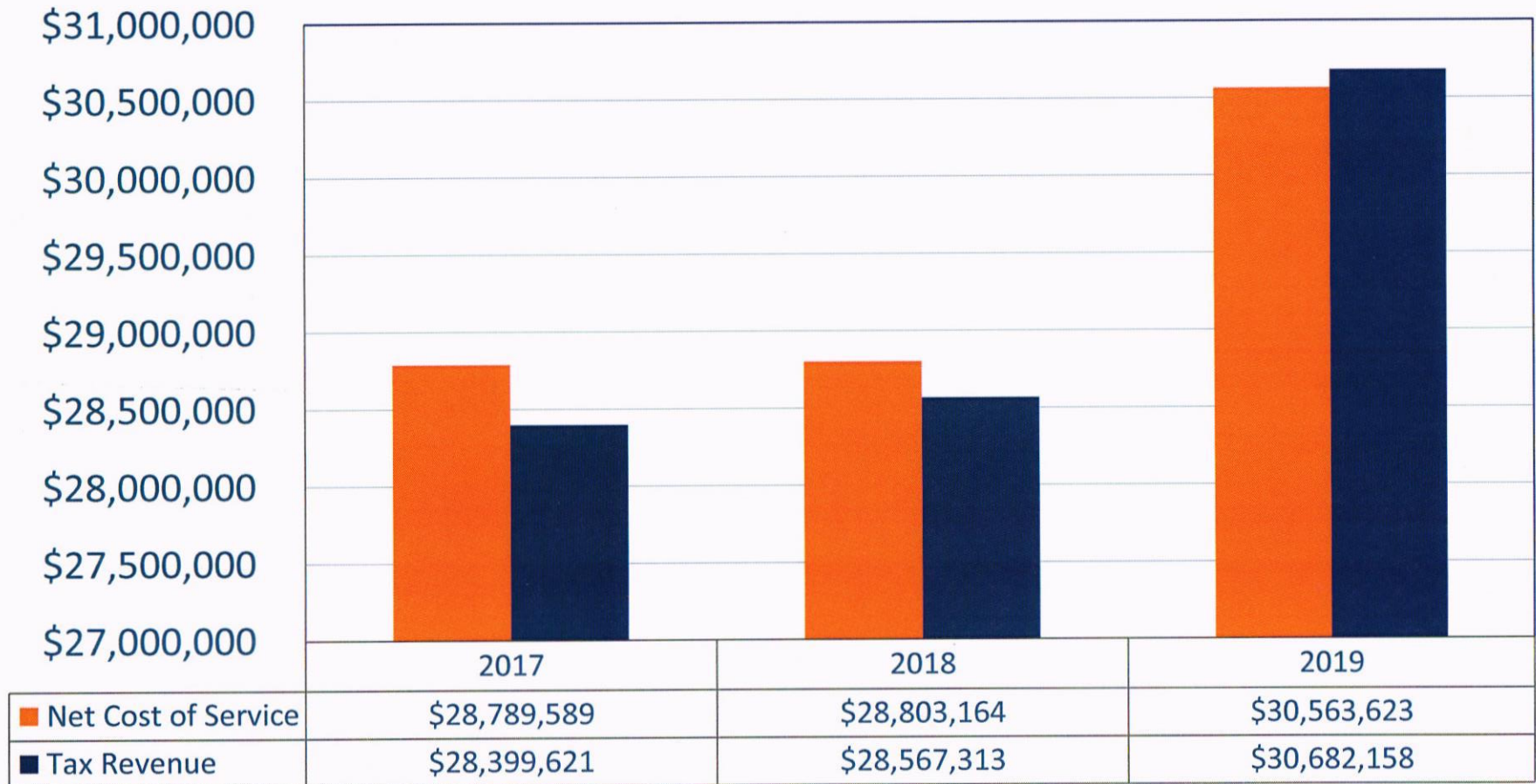
# Government-Wide Financial Statements

## Changes in Net Position



# Government-Wide Financial Statements

## Net Cost of Service to Tax Revenue





# General Fund

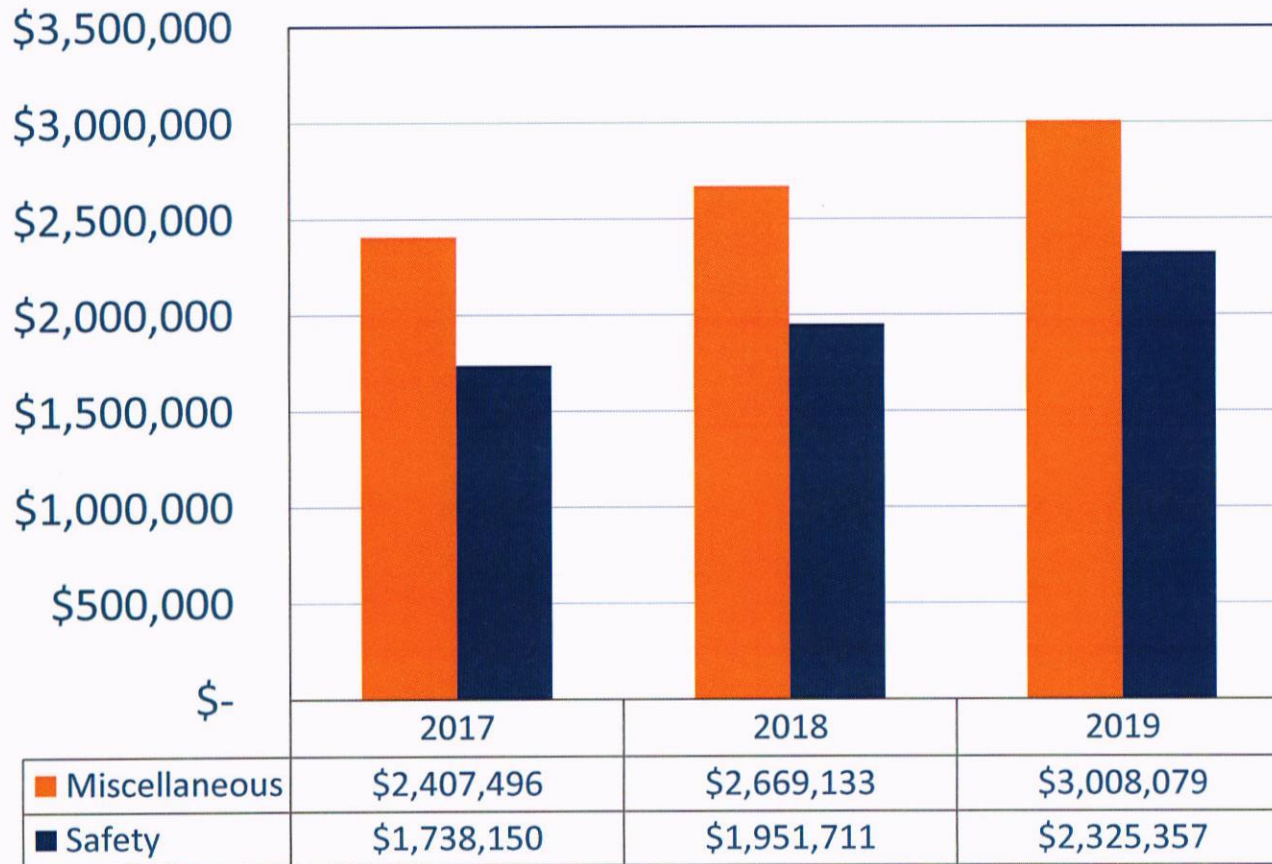
## Expenditure Coverage

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Unrestricted Fund Balance	<u>\$ 29,180,624</u>	<u>\$ 30,428,684</u>	<u>\$ 32,955,211</u>
Total Expenditures	<u>\$ 34,542,602</u>	<u>\$ 37,014,345</u>	<u>\$ 37,993,949</u>
Unrestricted Fund Balance as a % of Total Expenditures	<u>84.48%</u>	<u>82.21%</u>	<u>86.74%</u>
Number of months	10	10	10
GFOA recommendation	2 - 4		

Measure of Town's ability to operate with no revenues using available fund balance.

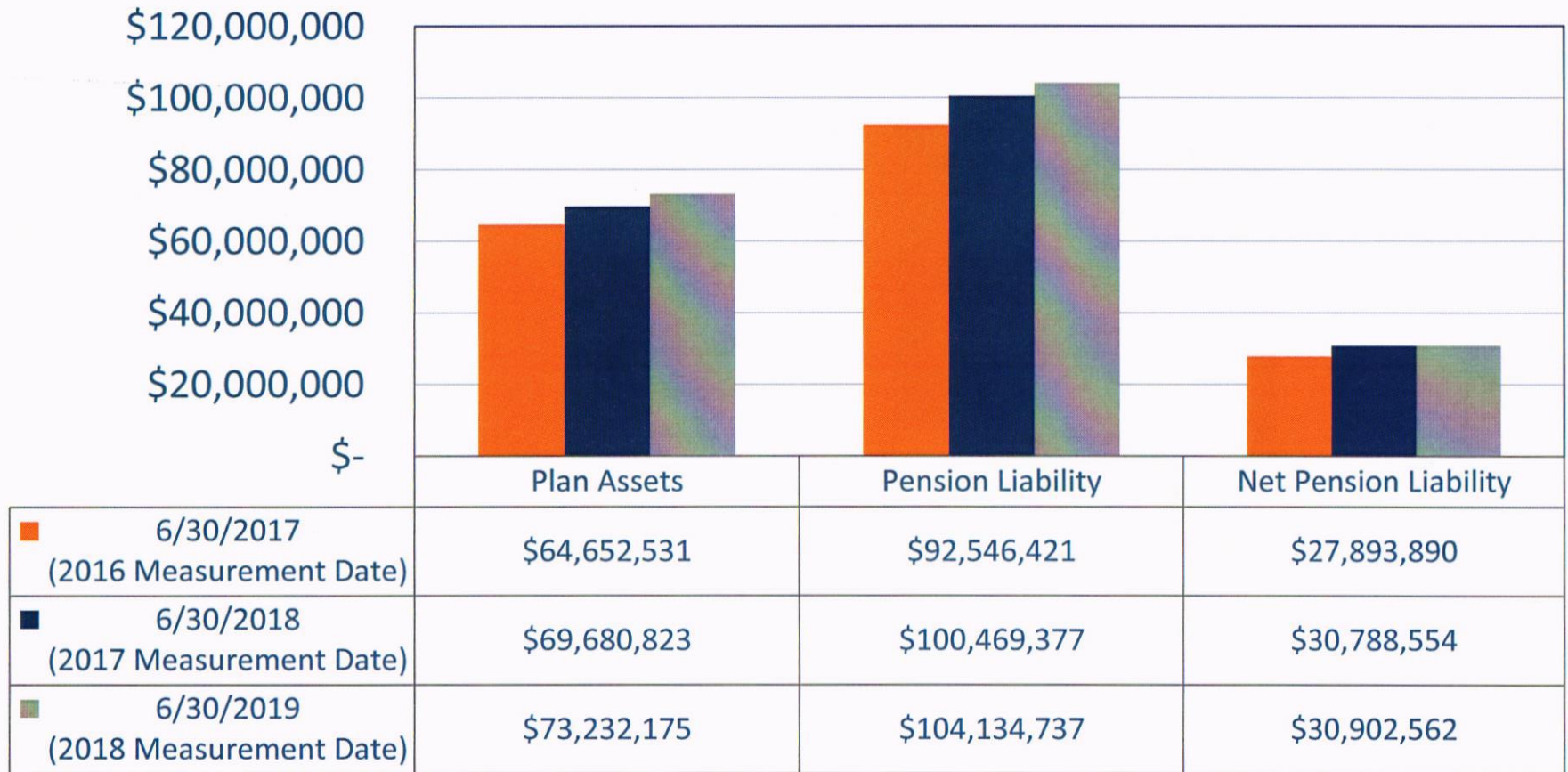
# Other Financial Information

## Town's Annual Pension Contributions



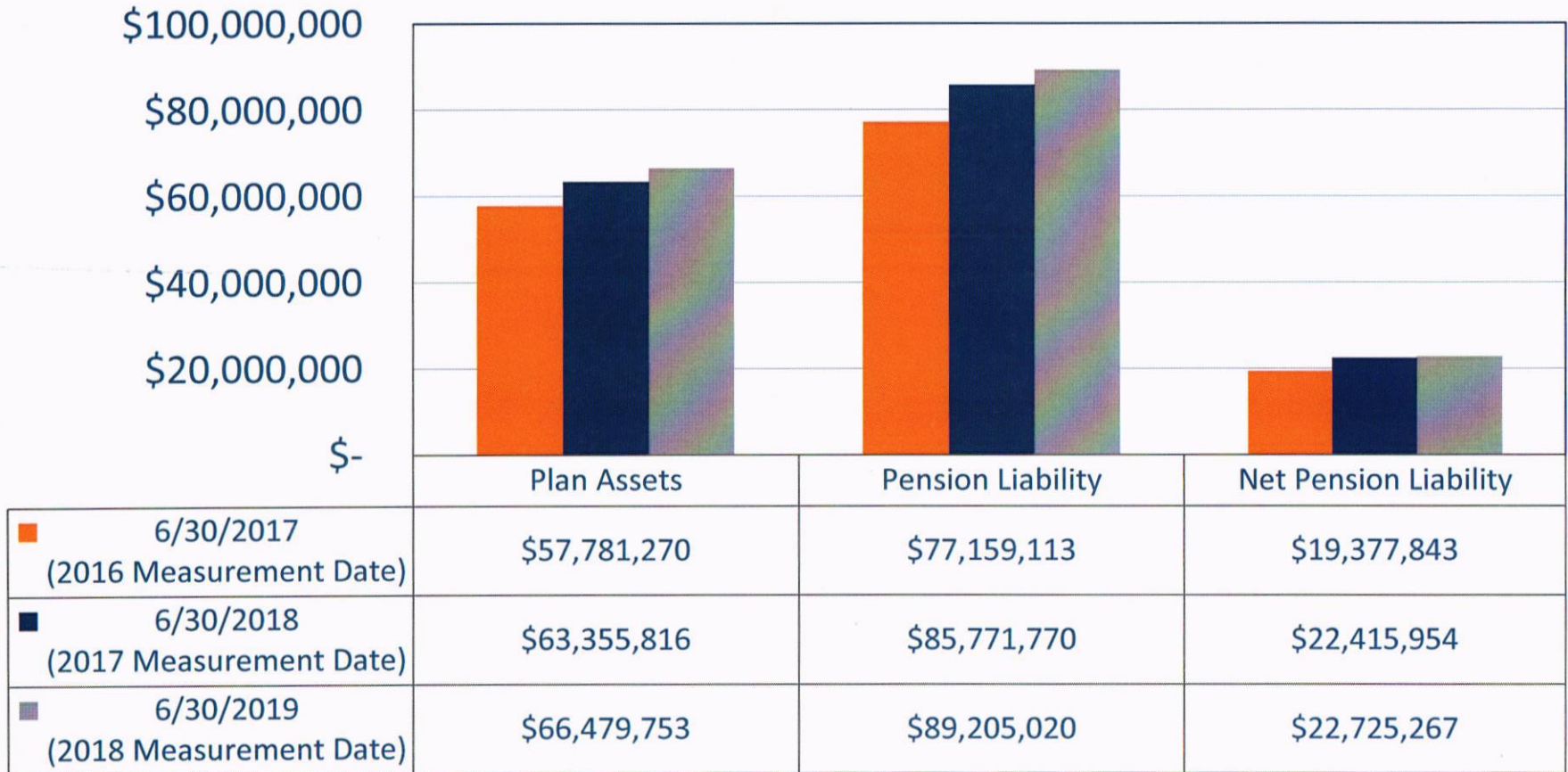
# Pension Plan

## Town's CalPERS Miscellaneous Pension Plan Funded Status



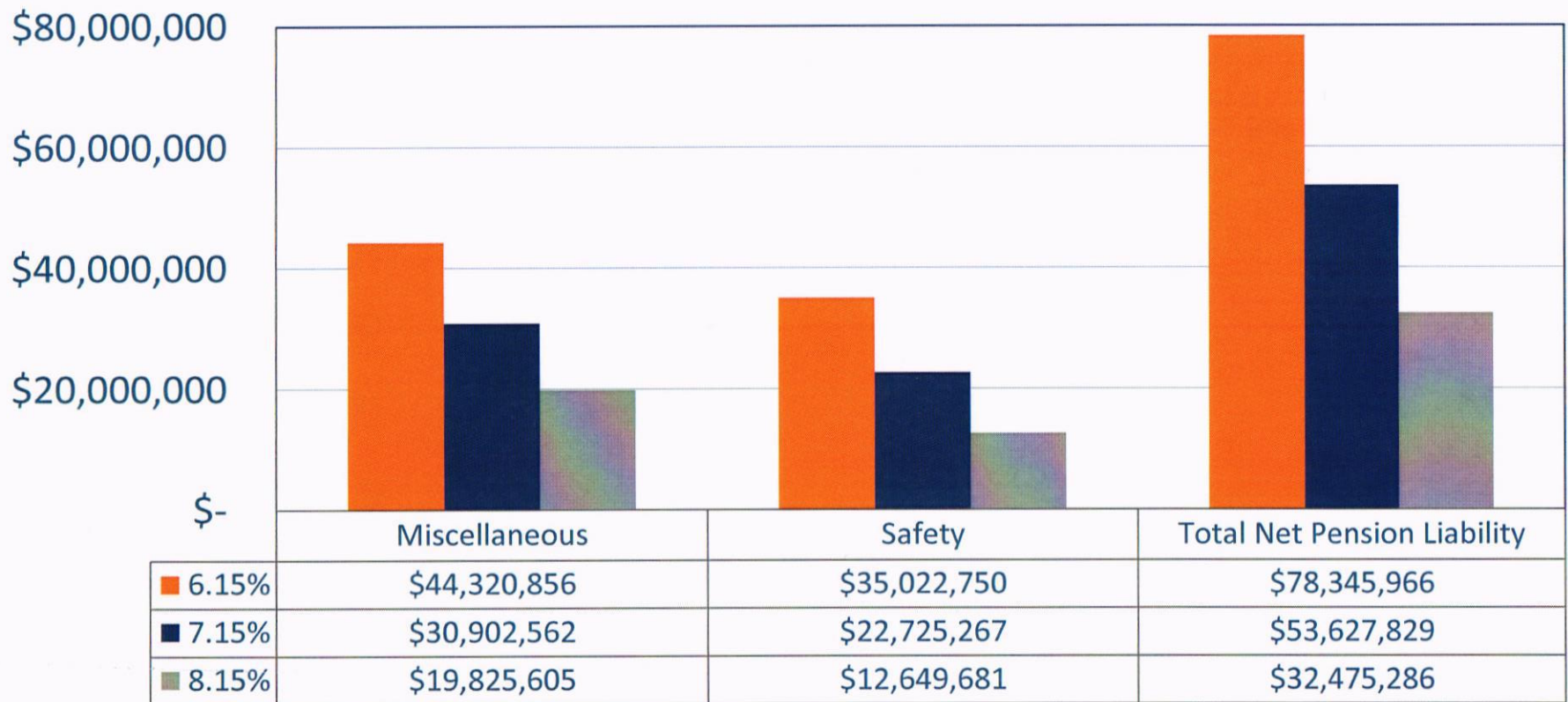
# Pension Plan

## Town's CalPERS Safety Pension Plan Funded Status



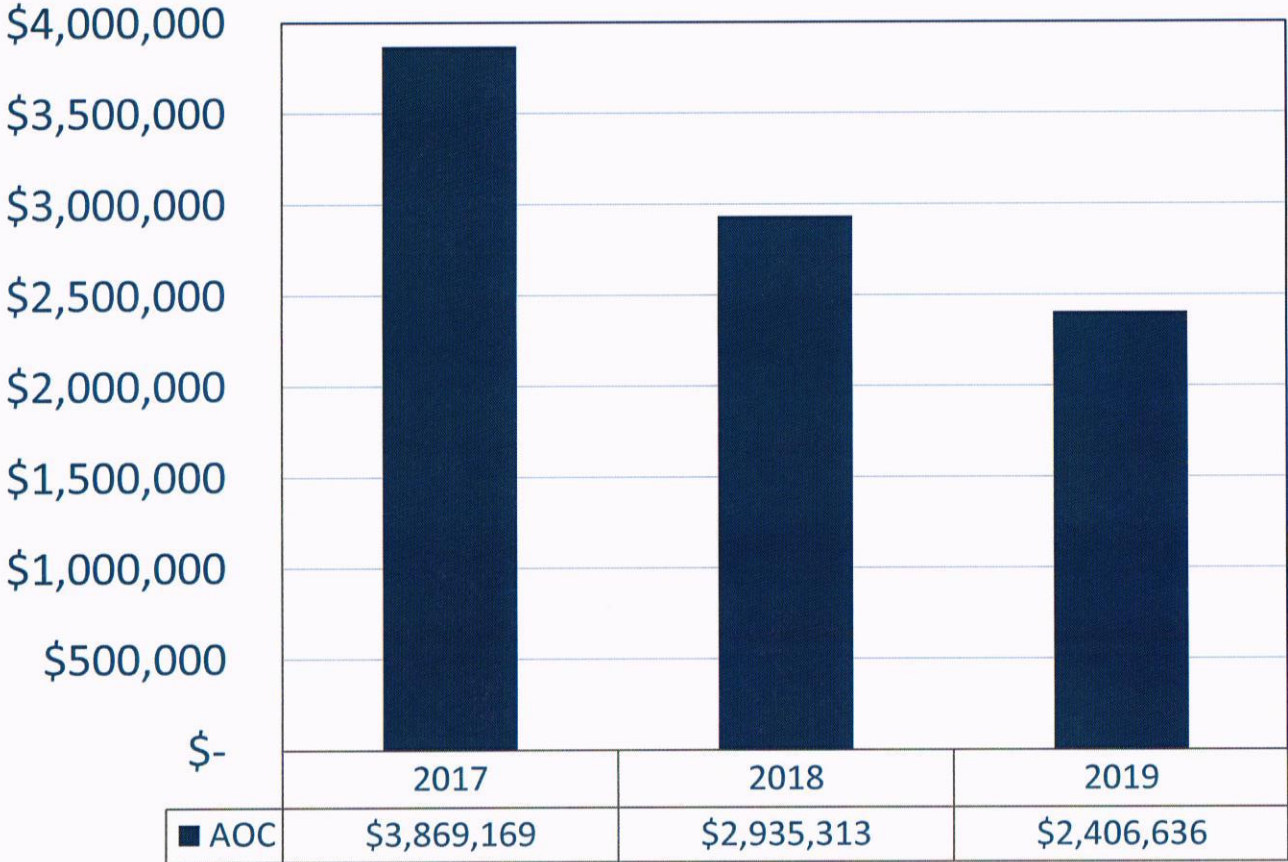
# Pension Plan

**Town's CalPERS Total Pensions Plan Sensitivity to Discount Rate (2018 Measurement Date)**



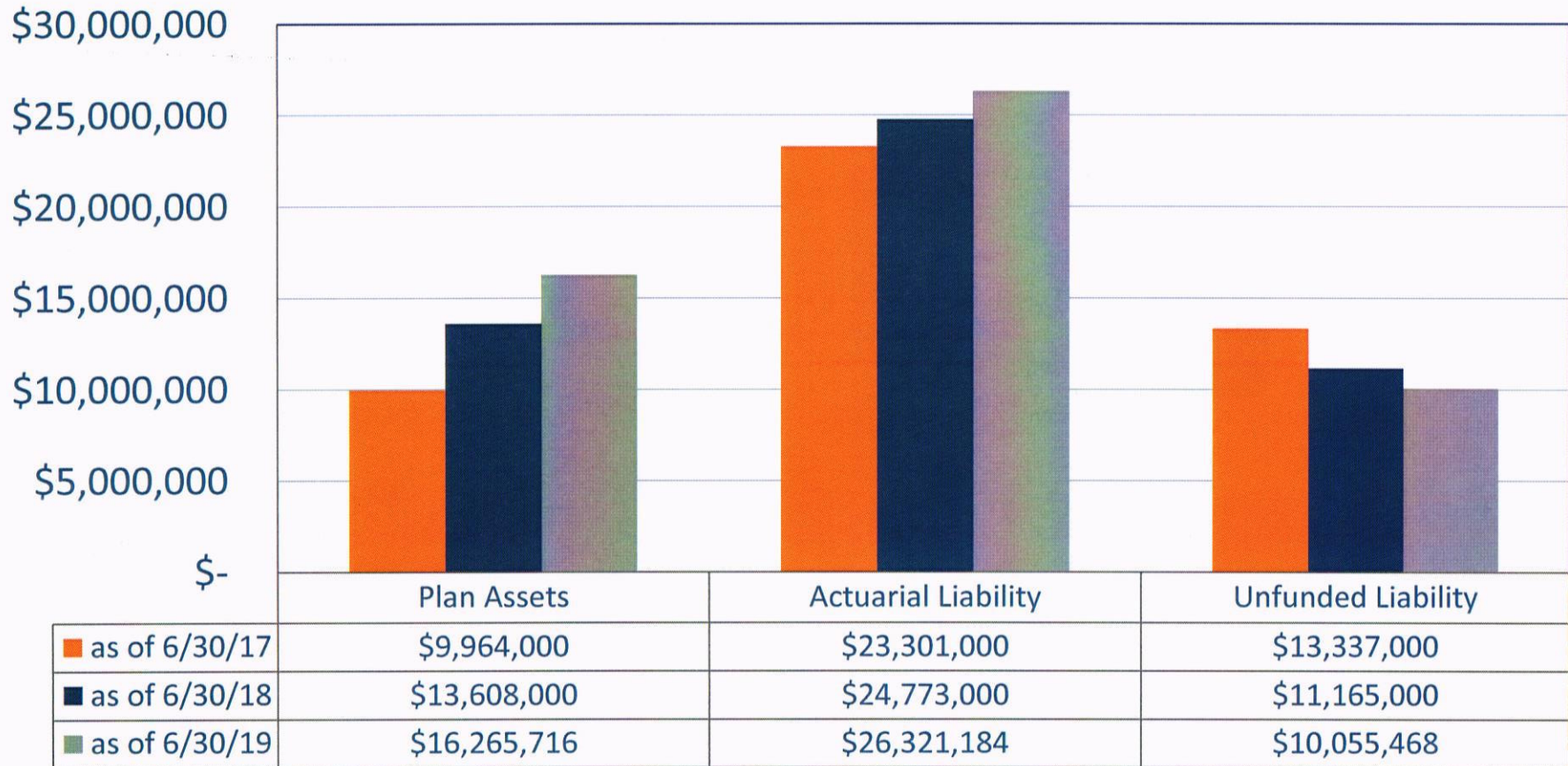
# Other Postemployment Benefits

## Town's Annual OPEB Contributions



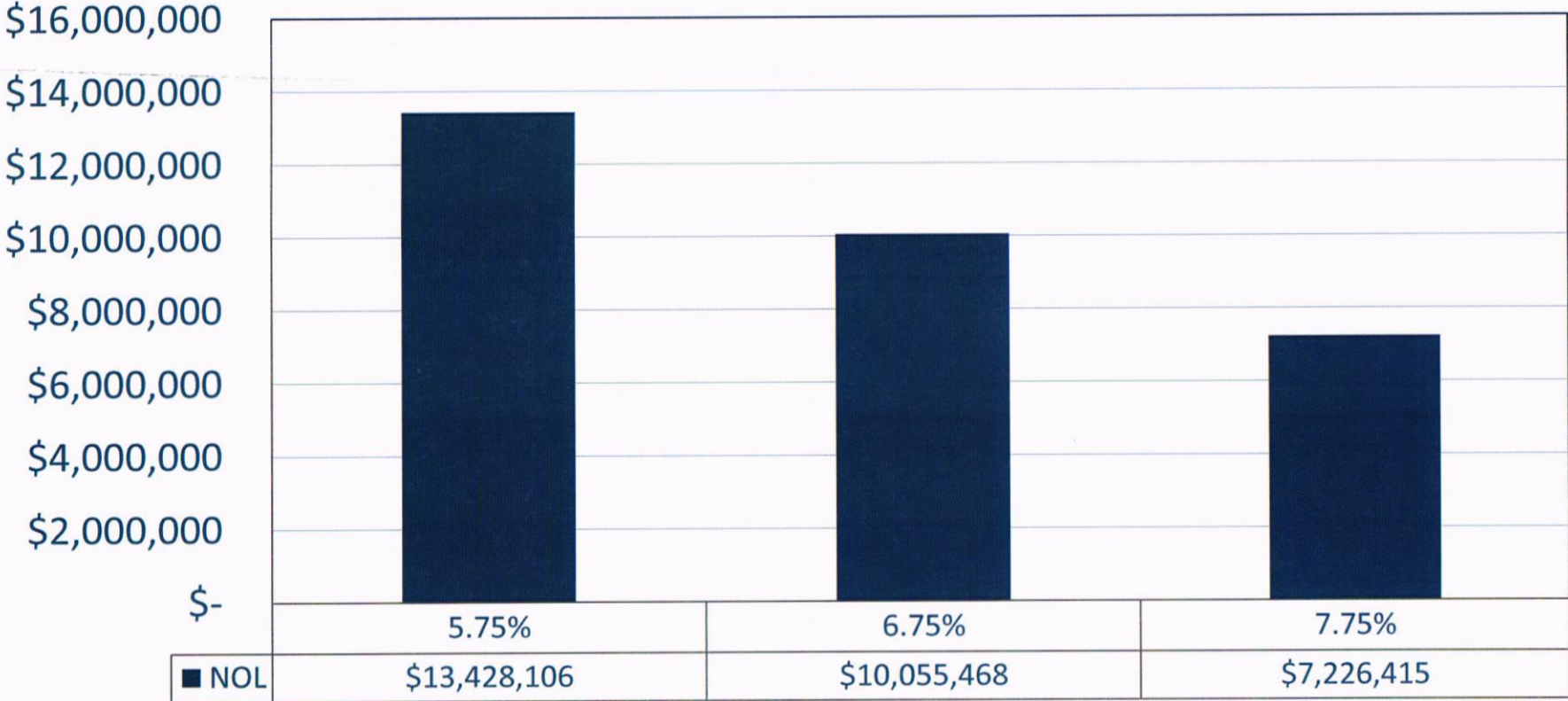
# Other Postemployment Benefits

## Town's OPEB Funded Status



# Other Postemployment Benefits

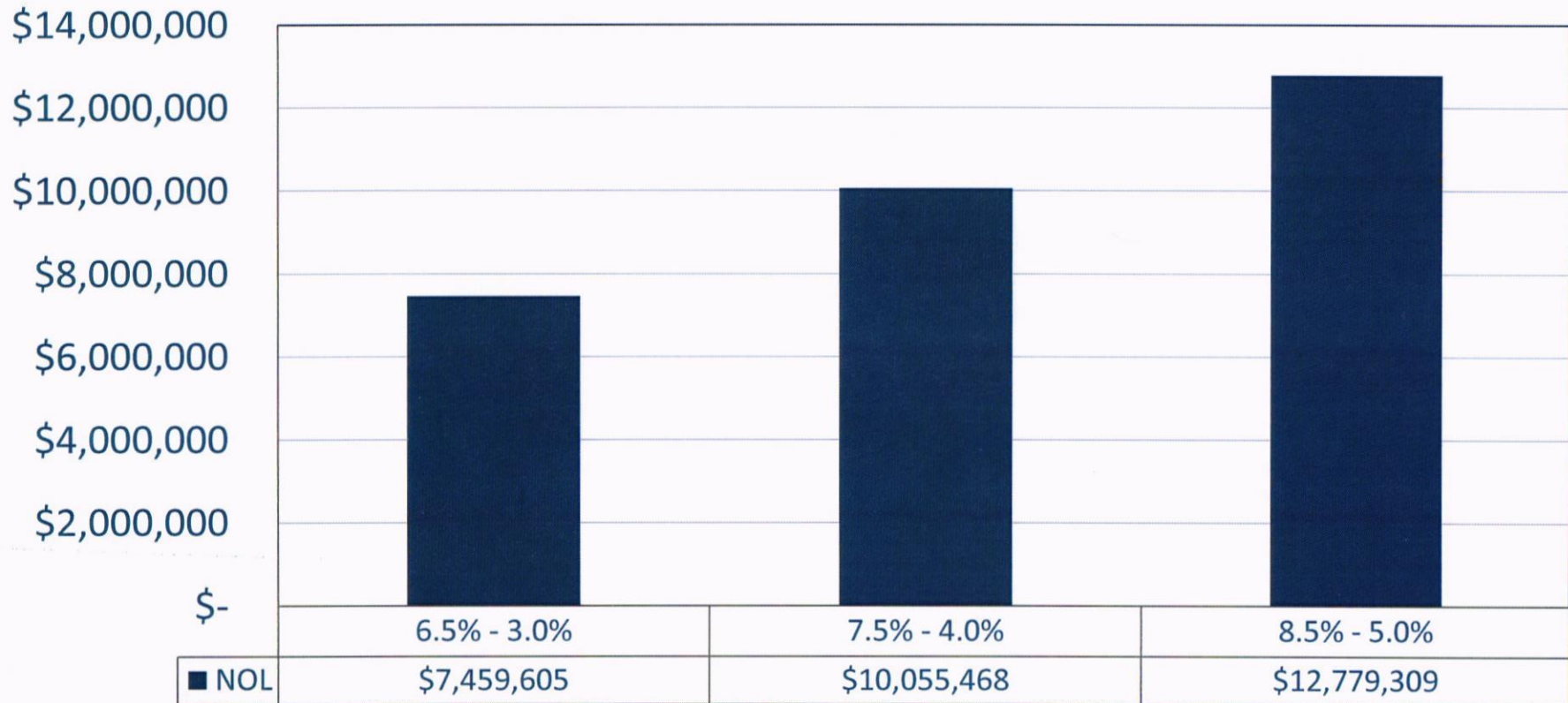
Town's OPEB Plan Sensitivity to Discount Rate  
(2018 Measurement Date)

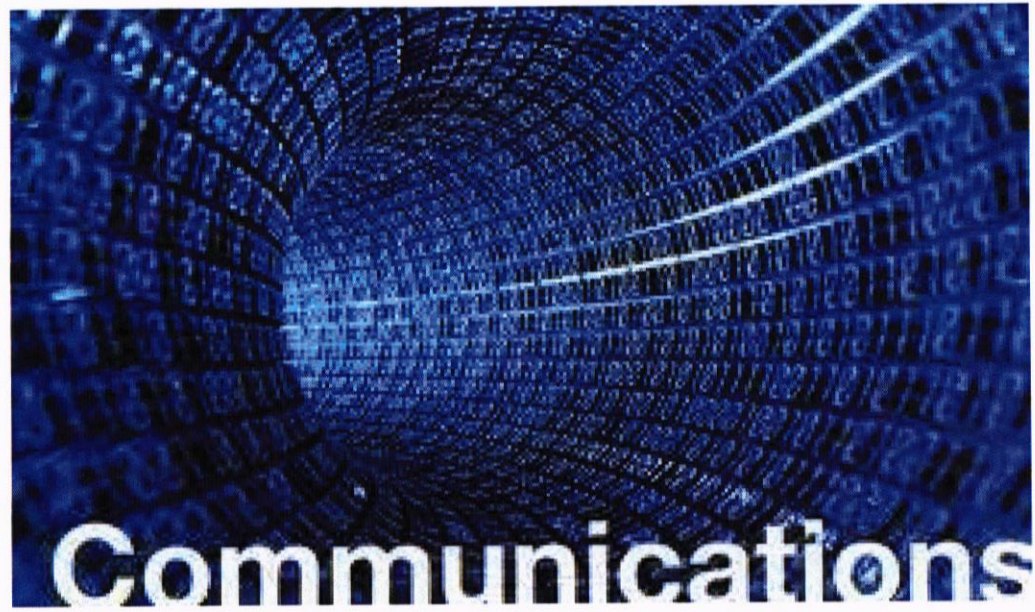




# Other Postemployment Benefits

**Town's OPEB Plan Sensitivity to Healthcare Trend Rate  
(2018 Measurement Date)**





# Required Communications

## • Our Responsibility Under U.S GAAS

- Opinion on whether financial statements are fairly stated in accordance with U.S GAAP
- Evaluate internal control over financial reporting including tone at the top
- Evaluate compliance with laws, contract and grants
- Ensure financial statements are clear and transparent
- Communicate with the governing body

## • Management Responsibility

- Management is responsible for the financial statements
- Establish and maintain internal control over financial reporting
- Making all financial records available to us
- Adjust the financial statements to correct material misstatements
- Establish internal control to prevent and detect fraud
- Inform us of all known and suspected fraud
- Comply with laws and regulations
- Take corrective action on audit findings

# Required Communications

- Independence



- It is our responsibility to maintain independence
- We will maintain our independence by strict adherence to the AICPA and the Board of Accountancy rules and regulations
- No other services performed that could affect our independence

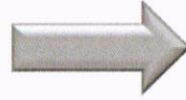
- Timing of the Audit



Audit was performed in the time frame communicated to the Town in our engagement letters

# Required Communications

- Significant Accounting Policies and Unusual Transactions



The Town adopted the following new pronouncements during the year:

- GASB Statement No. 83
- GASB Statement No. 84
- GASB Statement No. 88

- Management Judgment and Accounting Estimates



Significant management estimates impacting the financial statements include the following:

- Useful lives of Capital Assets
- Pension Plans
- Claims Payable
- OPEB Obligation

# Required Communications

- Sensitive Disclosures



The most sensitive disclosures affecting the Town's financial statements are as follow:

- Summary of Significant Accounting Policies
- Cash and Investments
- Capital Assets
- Defined Benefit Pension Plan
- Other Post Employment Benefits

- Difficulties Encountered in Performing the Audit



No difficulties were encountered during our audit

# Required Communications

- Significant Audit Adjustments and Unadjusted Differences Considered by Management to be Immaterial



There were adjustments and reclassifying entries during the course of the audit. Management has posted all proposed audit adjustments .

- Potential Effect on the Financial Statements of Any Significant Risks and Exposures



No significant risks or exposures were identified. Legal matters and potential liabilities are disclosed in the financial statements

# Required Communications

- Disagreement with Management



We are pleased to report that there were no disagreements with management

- Deficiencies in Internal Control over Financial Reporting



No material weaknesses identified during our audits



# Required Communications

- Representations Requested of Management



We will be requesting certain representations from management that will be included in the management representation letter.

- Management Consultation with Other Accountants



We are not aware of any significant accounting or auditing matters for which management consulted with other accountants

# Required Communications

- Other Material Written Communications



Other than the engagement letters and management representation letters, there have been no other significant communications

- Material Uncertainties Related to Events and Conditions



There were no material uncertainties relating to events and conditions

- Fraud and Illegal Acts



We have not become aware of any instances of fraud or illegal acts, which was not disclosed by the Town

# New Accounting Standards

2020

- Statement 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

2021

- Statement 87 – Leases
- Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

2022

- Statement 91 – Conduit Debt Obligations

**Thank You  
For Allowing Us to Provide Audit Services  
to the Town of Los Gatos**





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019  
ITEM NO: 17  
ADDENDUM

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DATE: December 16, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Comprehensive Annual Financial Report (CAFR):  
a. Receive the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019, and  
b. Adopt a Resolution Confirming June 30, 2019 Fund Balances in Accordance Fiscal Year 2018/19 Final Audit and Town Council General Fund Reserve Policy

**RECOMMENDATION:**

Comprehensive Annual Financial Report (CAFR):

- a. Receive the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019 (Attachment 1), and
- b. Adopt a Resolution Confirming June 30, 2019 Fund Balances in Accordance Fiscal Year 2018/19 Final Audit and Town Council General Fund Reserve Policy

**REMARKS:**

Attachment 4 contains public comments received after distributing the staff report and before 11:00 a.m. Monday, December 16, 2019.

**Attachments previously distributed with the Staff Report:**

1. Draft Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019.
2. Fund Balance Resolution Establishing June 30, 2019 Fund Balances
3. Independent Auditor Presentation to the Council Finance Committee

**Attachment distributed with this Addendum:**

4. Public comments received after distributing the Staff Report and before 11:00 a.m.; Monday, December 16, 2019.

**PREPARED BY:** Stephen Conway  
Finance Director

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

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**Subject:** FW: 2019 General Fund Reserves  
**Attachments:** 2019 GF Reserve resolution (002).pdf; ATT00001.htm; Transmittal Letter - GF Balance.pdf; ATT00002.htm

**From:** Phil Koen <pkoen@monteropartners.com>  
**Date:** December 15, 2019 at 10:08:38 AM PST  
**To:** Marcia Jensen <MJensen@losgatosca.gov>, BSpector <BSpector@losgatosca.gov>, Marico Sayoc <MSayoc@losgatosca.gov>, Rob Rennie <RRennie@losgatosca.gov>, Steven Leonardis <SLeonardis@losgatosca.gov>  
**Cc:** Laurel Prevetti <LPrevetti@losgatosca.gov>, "jvannada@gmail.com" <jvannada@gmail.com>, Terry Duryea <tduryea@aol.com>, Ron Dickel <rondickel@gmail.com>, Rick Tinsley <rnt97@yahoo.com>  
**Subject:** 2019 General Fund Reserves

Dear Honorable Mayor and Council Members,

Before you vote on the proposed resolution which assigns the General Fund Balance as of June 30, 2019 to restricted, committed or assigned reserves, the Council should discuss why the Staff has not recommended any fund balance to be set aside as "unassigned". Under the resolution being considered, all of the General Fund balance will be formally committed. The General Fund Balance can be legally assigned by this Council based on your judgment of the current needs of the Town. The Council is not legally required to follow Town policy in this process.

Secondly, the Council should request the Staff to explain why the actual General Fund Balance as of June 30, 2019 is \$17.1m or 82% greater than what was forecasted at the time the 2019 budget was adopted. I have attached the analysis from the Staff's 2019 Budget transmittal letter which details the forecasted balance as of June 30, 2019. The difference is material and the Council should understand why this has occurred.

Additionally, why wouldn't some of this windfall increase be set aside as "unassigned" thus giving the Council more future flexibility? The proposed fund balance assignment will have \$13.3m allocated to a reserve for Capital Projects. Does this make sense given that the 2019 plan forecasted a balance of \$5.1m which was approved by this Council? Why increase this by \$8.2m if there isn't a specific project need identified? By designating as "unassigned" some amount of fund balance, the Council retains total flexibility to assign these funds in the future as the need arises. The resident members of the Finance Committee raised this issue during the most recent Finance Committee with regard to the assignment of the "closed" Internal Services Funds as "assigned reserves" as opposed to "unassigned".

It should also be pointed out that according to the proposed resolution the Town has a total of \$9.2m (\$5.0m and \$4.2m) available to make an additional discretionary payment to CALPERS to reduce what Moody's has called an "inflated pension liability" which is "unfavorably well above the US median". Given the high level of pension debt and the interest charged by CALPERS on this debt, it is only prudent to reduce this liability as quickly as possible by paying these funds into the CALPERS pension plans.

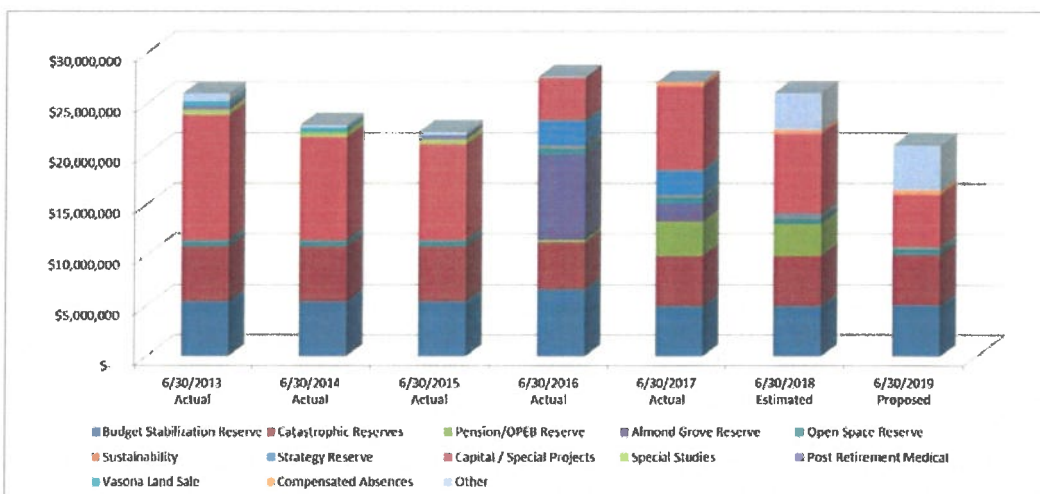
Thank you.

Phil Koen

the Town's RDA. These funds include Certificates of Participation issued to finance several capital improvement projects throughout the Town and repayment of obligations incurred by the Town's RDA prior to its dissolution. The FY 2018/19 budgeted expenditures in this trust fund total \$3.8 million.

### GENERAL FUND RESERVES

The total General Fund Reserves are forecasted at a balance of approximately \$20.8 million as of June 30, 2019. As indicated in the next chart, the General Fund reserves are decreasing due to programmed payments to the Town's California Public Employees Retirement System (CalPERS) side-fund payoff in June 2014 of \$4.5 million dollars, transfers to the CIP program in FY 2016/17 (\$7.0 million), FY 2017/18 (\$2.4 million), and FY 2018/19 (\$2.4 million), and the \$4.3 million scheduled payment to the IRS 115 Pension Trust Fund.



General Fund Reserve	6/30/2013 Actual	6/30/2014 Actual	6/30/2015 Actual	6/30/2016 Actual	6/30/2017 Actual	6/30/2018 Estimated	6/30/2019 Proposed
<b>Committed to:</b>							
Budget Stabilization Reserve	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000	\$ 6,621,808	\$ 4,969,847	\$ 4,969,847	\$ 5,037,243
Catastrophic Reserves	5,450,000	5,450,000	5,450,000	4,637,406	4,969,847	4,969,847	5,037,243
Pension/OPEB Reserve	-	-	-	300,000	3,388,913	3,188,913	-
Almond Grove Reserve	-	-	-	8,459,973	1,801,318	-	-
<b>Assigned to:</b>							
Open Space Reserve	562,000	562,000	562,000	562,000	562,000	562,000	562,000
Sustainability				140,553	140,553	140,553	140,553
Strategy Reserve				2,600,000	2,600,000	263,882	129,090
Capital / Special Projects	12,427,161	10,218,579	9,511,527	4,222,405	8,273,124	7,881,738	5,096,118
Special Studies	490,000	490,000	490,000	-	34,852	34,852	34,852
Post Retirement Medical	400,000	-	400,000	-	-	-	-
Vasona Land Sale	410,599	411,245	-	-	-	-	-
Compensated Absences					350,329	350,329	350,329
Other	787,294	297,294	339,837	99,284		3,670,447	4,486,166
<b>Total General Fund Reserve</b>	<b>\$ 25,977,054</b>	<b>\$ 22,879,118</b>	<b>\$ 22,203,364</b>	<b>\$ 27,643,429</b>	<b>\$ 27,090,783</b>	<b>\$ 26,032,408</b>	<b>\$ 20,873,994</b>

#### Catastrophic and Budget Stabilization Reserves

As per the Town's Reserve Policy, the Catastrophic and Budget Stabilization Reserves are to be maintained at combined minimum funding level of 25% of General Fund ongoing operating

**WHEREAS**, there exists an assigned Capital/Special Project Reserve in the amount of \$13,262,303;  
and

**NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE** that the following fund balances as of June 30, 2019 as restricted, assigned, or formally committed as follows:

	General Fund	Appropriated Reserves	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>				
Restricted for:				
Capital Outlay	\$ -	\$ 133,169	\$ 6,562,064	\$ 6,695,233
Pension	5,015,316	-	-	5,015,316
Repairs and Maintenance			208,139	208,139
Committed to:				
Budget Stabilization	5,419,222	-	-	5,419,222
Catastrophic	5,419,222	-	-	5,419,222
CalPERS/OPEB	4,232,500	-	-	4,232,500
Almond Grove Street Project		2,579,997		2,579,997
Assigned to:				
Open Space	562,000	-	-	562,000
Parking	-	1,460,210	-	1,460,210
Sustainability	140,553	-	-	140,553
Capital/Special Projects	13,262,303	4,344,618	-	17,606,921
Carryover Encumbrances	413,729	-	-	413,729
Comcast PEG	-	50,000	-	50,000
Vehicle Maintenance & Stores	1,040,375	-	-	1,040,375
Compensated Absences	1,232,654	-	-	1,232,654
To Workers' Comp	1,232,653	-	-	1,232,653
Special Revenue Funds	-		326,102	326,102
<b>Total Fund Balances</b>	<b>\$ 37,970,527</b>	<b>\$ 8,567,994</b>	<b>\$ 7,096,305</b>	<b>\$ 53,634,826</b>

**PASSED AND ADOPTED** at a regular meeting of the Town Council held on the 17<sup>th</sup> day of December 2019 by the following vote:

**COUNCIL MEMBERS:**

AYES:

NAYS:

ABSENT:



---

**Subject:** Staff Transmittal Letter - Agenda item # 17 - 2019 CAFR  
**Attachments:** Issuer Comment - Town-of-Los-Gatos-CA - 30Aug19.pdf; ATT00001.htm

**From:** Phil Koen <pkoen@monteropartners.com>  
**Date:** December 15, 2019 at 10:33:36 AM PST  
**To:** Marcia Jensen <MJensen@losgatosca.gov>, BSpector <BSpector@losgatosca.gov>, Marico Sayoc <MSayoc@losgatosca.gov>, Rob Rennie <RRennie@losgatosca.gov>, Steven Leonardis <SLeonardis@losgatosca.gov>  
**Cc:** "jvannada@gmail.com" <jvannada@gmail.com>, Laurel Prevetti <LPrevetti@losgatosca.gov>  
**Subject:** Staff Transmittal Letter - Agenda item # 17 - 2019 CAFR

Dear Honorable Mayor and Council Members,

I believe the transmittal letter from Staff regarding the 2019 CAFR falls short in providing a complete picture. Let me explain why:

1. Reference is made in the Background Section that Moody's recently affirmed the Town's general credit rating with the comment that it is "the highest rating possible". No other comments are made and the report is not provided. I have attached the report for your review. While the statement is correct, it is taken out of context. While Moody's did state the Town's credit position is "superior", Moody's also noted "it also reflects an extremely small debt burden and an inflated pension liability". Additionally the report stated "the Moody's adjusted net pension liability to operating revenues (3.5x) is unfavorably well above the US median". Moody's has computed the Town's adjusted net pension liability to be \$141.9m as of 2018 compared to a US median of \$32.5m. I believe that the transmittal letter should have included this information so the Council has a complete understanding of the Moody's report and specifically how negatively the Town's inflated net pension liability is viewed.
2. Reference is made in Discussion Section that changes made to the draft CAFR are based on "continued staff analysis, public comments, auditor review and Committee members' comments". This does not properly describe the significant input and value-add that the resident members of the Finance Committee provided in redrafting the 2019 CAFR. In fact, all of the redline corrections to the MD&A section and the Statement of Activities, which are material in number and scope, directly resulted from detail comments made by the resident members of the Finance Committee. The number of redline edits speak for themselves. The transmittal letter should have acknowledged the significant contribution made by the residents. I am sure that the Council members of the Finance Committee can confirm the massive contribution the resident members made.

The work put forth in correcting the 2019 CAFR shows the importance of having independent, resident experts advising the Council. I doubt, as do many others, that these corrections would have been made without their involvement. We should give credit where credit is due, especially when it is coming from residents who have volunteered their time and expertise for the betterment of the Town.

Thank you and wishing all of you the very best this Holiday Season.

Phil Koen

Phil Koen public comment dated December 15, 2019

**Subject: Staff Transmittal Letter – Agenda item #17 – 2019 CAFR**

Attachment not included per Moody's Investors Service disclaimer:

*"This document has been prepared for the use of MSSB Group Users and is protected by law. It may not be copied, transferred or disseminated unless authorized under a contract with Moody's or otherwise authorized in writing by Moody's"*



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 18

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DATE: December 17, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: First Reading and Introduction of an Ordinance of the Town of Los Gatos Amending Chapter 16, Article II, Section 16.020.035 of the Town Code Entitled Construction.

**RECOMMENDATION:**

Staff recommends that Town Council accept public comment and then move for the introduction and first reading of an Ordinance, by title only, amending Chapter 16, Article II, Section 16.020.035 Entitled Construction. (Attachment 1)

**BACKGROUND:**

Earlier this year, during a Town Council meeting, the public voiced their concerns regarding the Town's Ordinance for Construction hours and the fact that the Town allows construction on Sundays and holidays. Council directed staff to look into the practices of surrounding jurisdictions and analyze what the Town could do differently.

**DISCUSSION:**

The existing Town Ordinance, Chapter 16, Article II, Sec. 16.20.035. – Construction states:

Notwithstanding any other provision of this chapter, between the hours of 8:00 a.m. to 8:00 p.m., weekdays and 9:00 a.m. to 7:00 p.m. weekends and holidays, construction, alteration or repair activities which are authorized by a valid Town permit or as otherwise allowed by Town permit, shall be allowed if they meet at least one of the following noise limitations:

**PREPARED BY:** Lynne Lampros  
Deputy Town Attorney

---

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

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DISCUSSION (continued):

(1) No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible.

(2) The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.

Upon discussion with the Community Development Director it has been determined that "permitted construction" means construction for which a permit is required. A home improvement project that doesn't require a permit would not be subject to these time restraints and there are no other Town Code Sections that pertain to construction hours for home improvement projects performed by the homeowner that do not require a permit.

*Peer Review*

Surrounding jurisdictions contain the following regulations (summarized):

Monte Sereno: Outside construction or repair work' (which means literally work done outside) is allowed from 8:00 a.m. to 8:00 p.m. Monday through Friday and Saturdays from 9:00 a.m. to 5:00 p.m. It is not allowed on Sundays or public holidays. However, there is an exception for homeowners or tenants doing work on their property that does not require permit, and an exception for work done for an emergency that imperils public safety.

Saratoga: Construction activities may be conducted between the hours of 7:30 a.m. and 6:00 p.m. Monday through Friday, and between 9:00 a.m. and 5:00 p.m. on Saturday. Construction is prohibited on Sundays and holidays. Residential construction activities that do not require a permit and do not exceed fifty percent of the structure can be conducted between 9:00 a.m. and 5:00 p.m. on Sundays and holidays.

Campbell: Construction activity is limited to 8:00 a.m. to 5:00 p.m. Monday through Friday and 9:00 a.m. to 4:00 p.m. on Saturdays. There is no construction activity allowed on Sundays or holidays. There is an exception for homeowner permits when the work is being performed by only the owner of the property. In that case work is allowed from 6:00 a.m. to 7:00 p.m. Monday through Saturday and 8:00 a.m. to 6:00 p.m. on Sundays and holidays. There is also an exception for emergency repair.

San Jose: Unless expressly allowed by permit, permitted construction activity within 500 feet of a residential unit is only allowed from 7:00 a.m. to 7:00 p.m. Monday through Friday. It is not allowed on weekends. This only applies to construction work authorized by permit or other planning approval.

DISCUSSION (continued):

Santa Clara County allows construction activity Monday through Saturday from 7:00 a.m. to 7:00 p.m. at a certain decibel level, and allows it Sundays and holidays from 7:00 a.m. to 7:00 p.m. at a lower decibel level.

Cupertino allows construction at certain decibel levels during daytime hours seven days a week, except prohibits grading, street construction demolition or underground utility work within 750 feet of a residential area on Saturdays, Sundays and holidays. All construction is prohibited on holidays, except “construction conducted by the homeowner or resident of a single dwelling using domestic construction tools is allowed on holidays between 9:00 a.m. and 6:00 p.m.”

*Recommended Town Code Enhancements*

Los Gatos Town Code Section 16. 10.015 states “that unnecessary, excessive and disturbing noise and vibration is detrimental to the health, safety and welfare of the public and is contrary to public interest, and that residents of Los Gatos are to be entitled to the reasonable use and enjoyment of their property without exposure to noise disturbances.” In order to more fully implement this Section of Town Code, the Town Staff suggests the following amendments to Chapter 16, Article II, Section 16.020.035 of the Town Code:

(a) Notwithstanding any other provision of this chapter, between the hours of 8:00 a.m. to ~~8:00~~ 6:00 p.m., weekdays and 9:00 a.m. to ~~7:00~~ 4:00 p.m. ~~weekends and holidays~~, Saturdays, construction, alteration or repair activities which are authorized by a valid Town permit or as otherwise allowed by Town permit, shall be allowed if they meet at least one of the following noise limitations:

(1) No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible.

(2) The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.

(b) The term “construction, alteration or repair activities” shall include any physical activity on the construction site or in the staging area, including the delivery of materials.

(c) Construction, alteration or repair activities shall be prohibited on Sundays and legal holidays with the following exceptions:

(1) A homeowner or tenant may perform construction, alteration or repair activities on their own property between 8:00 a.m. to 8:00 p.m. Monday through Saturday and 9:00 a.m., to 5:00 p.m. on Sundays and holidays, as long as the work being performed does

DISCUSSION (continued):

not require a permit from the Town. All noise levels contained in Section 16.20.035 (1) apply to this section.

(2) If the Town Manager or designee finds evidence that an emergency exists that imperils the public safety, or immediate health and safety of the occupants, the Town Manager or designee may allow the construction or maintenance work to proceed during such hours as may be necessary for the duration of the emergency.

(3) At any time before commencement of or during construction activity, the chief building official may modify the permitted hours of construction upon twenty-four (24) hours written notice to the contractor, applicant, developer or owner. The chief building official can reduce or increase the allowable hours of construction activity. In approving modified hours, the chief building official may specifically designate and/or limit the activities permitted during the modified hours. If the hours of construction activity are modified, then the general contractor, applicant, developer or owner may be asked to erect a sign at a prominent location on the construction site to advise subcontractors and material suppliers of the working hours. The contractor, owner or applicant shall immediately produce upon request any written order or permit from the chief building official pursuant to this section upon the request of any member of the public, the police or Town staff.

(4) Violation of the allowed hours of construction activity, the chief building official's order, required signage or this section shall be a violation of this code.

CONCLUSION:

Approval of the changes to Section 16.20.035 – Construction will help ensure the fulfillment of the Town Code to promote the reasonable use and enjoyment of property without being subject to noise disturbances while also allowing homeowners and tenants the flexibility to conduct some repair and construction activity on their homes without being in contravention of the law.

ALTERNATIVES:

1. Not approve the recommended amendments
2. Approve different amendments and return with revised Ordinance.
3. Refer the issue back to staff with direction.

PAGE 5 OF 5

SUBJECT: Chapter 16 Article II Section 16.20.035

DATE: December 3, 2019

COORDINATION:

The rewrite of this Code section was circulated to the Director of Community Development and the Code Compliance Officer and the Building Officials for feedback. Outreach was conducted by email to Architect, Building, Real Estate groups and other interested community members.

FISCAL IMPACT:

There is no negative fiscal impact on the Town from this Ordinance change.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Draft Ordinance.

**DRAFT ORDINANCE**

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING CHAPTER 16, ARTICLE II, SEC. 16.20.035 – CONSTRUCTION**

**WHEREAS**, the Town of Los Gatos Municipal Code Section 16.10.015 states that unnecessary, excessive and disturbing noise and vibration is detrimental to the health, safety and welfare of the public and is contrary to public interest and that residents are entitled to the reasonable use and enjoyment of their property without exposure to noise disturbances, and;

**WHEREAS**, the Town of Los Gatos received public comment voicing concerns regarding construction activity on Sundays and holidays, and;

**WHEREAS**, it is the intent of the Town Council, in amending this ordinance, to enact law which upholds Municipal Code Section 16.10.015, and;

**NOW, THEREFORE, THE PEOPLE OF THE TOWN OF LOS GATOS AND THE TOWN COUNCIL DO HEREBY ORDAIN AS FOLLOWS:**

**SECTION I. INCORPORATION OF RECITALS.** The Town of Los Gatos finds that all Recitals are true and correct and incorporate them herein by this reference.

**SECTION II. AMENDMENT OF MUNICIPAL CODE.** Chapter 16, Article II, Section 16.20.035 is hereby amended to read as follows:

**Sec. 16.20.035. - Construction.**

- (a) Notwithstanding any other provision of this chapter, between the hours of 8:00 a.m. to 6:00 p.m. weekdays, and 9:00 a.m. to 4:00 p.m. Saturdays, construction, alteration or repair activities which are authorized by a valid Town permit or as otherwise allowed by Town permit, shall be allowed if they meet at least one of the following noise limitations:
  - (1) No individual piece of equipment shall produce a noise level exceeding eighty-five (85) dBA at twenty-five (25) feet. If the device is located within a structure on the property, the measurement shall be made at distances as close to twenty-five (25) feet from the device as possible.
  - (2) The noise level at any point outside of the property plane shall not exceed eighty-five (85) dBA.



- (b) The term “construction, alteration or repair activities” shall include any physical activity on the construction site or in the staging area, including the delivery of materials.
- (c) Construction, alteration or repair activities shall be prohibited outside those hours and on Sundays and legal holidays with the following exceptions:
  - (1) A homeowner or tenant may perform construction, alteration or repair activities on their own property between 8:00 a.m. to 8:00 p.m. Monday through Saturday and 9:00 a.m. to 5:00 p.m. on Sundays and holidays, as long as the work being performed does not require a permit from the Town. All noise levels contained in Section 16.20.035 (1) apply to this section.
  - (2) If the Town Manager or designee finds evidence that an emergency exists that imperils the public safety, or immediate health and safety of the occupants, the Town Manager or designee may allow the construction or maintenance work to proceed during such hours as may be necessary for the duration of the emergency.
  - (3) At any time before commencement of or during construction activity, the chief building official may modify the permitted hours of construction upon twenty-four (24) hours written notice to the contractor, applicant, developer or owner. The chief building official can reduce or increase the allowable hours of construction activity. In approving modified hours, the chief building official may specifically designate and/or limit the activities permitted during the modified hours. If the hours of construction activity are modified, then the general contractor, applicant, developer or owner may be asked to erect a sign at a prominent location on the construction site to advise subcontractors and material suppliers of the working hours. The contractor, owner or applicant shall immediately produce upon request any written order or permit from the chief building official pursuant to this section upon the request of any member of the public, the police or Town staff.
  - (4) Violation of the allowed hours of construction activity, the chief building official's order, required signage or this section shall be a violation of this code.

**SECTION III. CONSTRUCTION.** The Town Council intends this Ordinance to supplement, not to duplicate or contradict, applicable state and federal law and this Ordinance shall be construed in light of that intent. To the extent the provisions of the Los Gatos Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as it read prior to the adoption of this Ordinance, those amended provisions shall be construed as continuations of the earlier provisions and not as new enactments.

**SECTION IV. CEQA.** The Town Council finds and determines that the adoption of this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) per CEQA Guidelines under the General Rule (Section 15061(b)(3)), which sets forth that the CEQA applies

only to projects which have the potential for causing a significant effect on the environment. It can be seen with certainty that the proposed Town Code text amendments will have no significant negative effect on the environment.

**SECTION V. SEVERABILITY.** If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held by a court of competent jurisdiction to be invalid, such a decision shall not affect the validity of the remaining portions of this ordinance. The Town Council of the Town of Los Gatos hereby declares that it would have passed this ordinance and each section or subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid. Except as expressly modified in this Ordinance, all other sections set forth in the Los Gatos Town Code shall remain unchanged and shall be in full force and effect.

**SECTION VI. EFFECTIVE DATE.** This ordinance shall take effect immediately and will be enforced thirty (30) days after its adoption.

**SECTION VII. PUBLICATION AND POSTING.** 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 VIII. INTRODUCTION AND ADOPTION.** This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the 3rd day of December 2019 and adopted by the following vote as an ordinance of the Town Council of the Town of Los Gatos at a regular meeting of the Town Council of the Town of Los Gatos on the 17th day of December 2019.

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: 12/17/2019

ITEM NO: 19

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DATE: December 11, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the Comprehensive Downtown Parking Report – “Parking Roadmap” and Provide Direction for Next Steps

**RECOMMENDATION:**

Receive the Comprehensive Downtown Parking Report- “Parking Roadmap” (Attachment 1) and provide direction for next steps.

**BACKGROUND:**

On March 19, 2019 the Town Council approved an agreement with Dixon Resources Unlimited (DIXON) for a Comprehensive Downtown Parking Study. The study scope includes a full review of existing conditions, past parking discussions and policies, outreach to stakeholders, data collection and analysis, and suggested strategies for managing parking in the future.

At the August 20, 2019 Town Council meeting, the Council received an update on the progress of the Study and provided additional input on areas of interest. These have been grouped into several categories:

- Provide for and Manage Employee Parking
- Review Neighborhood Permit Program
- Identify High School Parking Impacts on the Town
- Provide information on Transportation Demand Management Opportunities Like Shuttles
- Explore Public-Private Shared Parking
- Identify the Parking Supply and Deficiencies
- Recommend Ways to Efficiently Utilize Existing Supply
- Include Outreach in Residential and Business Areas

**PREPARED BY:** Matt Morley  
Parks and Public Works Director

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

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DISCUSSION:

The results of the Parking Study have been provided in a document titled “Parking Roadmap” (Attachment 1). This document and the appendices are available on the Town’s website at: <https://www.losgatosca.gov/2509/Downtown-Parking>. The Study provides a series of recommendations to guide the Town towards effectively managing parking supply. The implementation of these recommendations is set up over several years to allow for demonstrated effectiveness in early implementations prior to embarking on subsequent efforts. Through review of the Study results, the Council should provide guidance to staff on which recommendations to pursue, the elements which need more information, and the elements to leave out of the program. Staff will use this guidance and return to the Council with plans for future implementation of each recommendation.

As reflected in the report provided to the Town Council on August 20, 2019, stakeholder outreach has been a significant part of this Study. In addition to all of the outreach highlighted in that report, the Study has included follow up with the Chamber of Commerce and the Transportation and Parking Commission on preliminary review of recommendations. In addition, a follow up survey was distributed. The goal of this survey was to gain insight on the recommendations and provide additional notification to residents. With that in mind, the survey link was distributed to every residential parking permit holder via email to ensure broad outreach to impacted residents. The survey will close on December 12 and results will be provided as an addendum to this report.

The Parking Roadmap highlights opportunities for adjustment in several areas in a phased sequence over several years. Some of these are highlighted below, with more in-depth discussion contained in the report.

*Managing Demand* - Through extensive data collection, it became apparent that parking supply often exists in downtown, even in the busiest of times. The recommendations from the Parking Roadmap highlight strategies for actively managing the demand. Solutions include ensuring downtown employees have designated spaces for parking and encouraging use of those spaces. A “Park Once” mantra can grow from this recommendation, for employees and visitors alike, ultimately leading to a no re-parking regulation to provide support to the goal. Within a second phase, a paid parking model that supports shorter visits and allows longer stays through “pay to stay” pricing will also aid in effectively managing demand.

Based on the data, the Parking Roadmap leaves consideration of a parking garage for later phases and future evaluation. Most importantly, ensuring that vehicles can find a garage and that those spaces can be effectively managed are key first steps. In addition, the expense of a garage makes effective use of existing supply through wayfinding, public-private partnerships, etc., a more pressing and fiscally responsible direction.

DISCUSSION (continued):

*Resident Area Parking* - The data collection also identified underutilized spaces throughout the downtown. This includes spaces in private parking lots and in residential areas where permits are issued. Allowing for a limited number of Downtown employees to park by permit in residential areas could take advantage of underutilized capacity. The Parking Roadmap also calls for re-establishing the petitioning process for new residential permit zones.

*Enforcement* – The Town has implemented automated License Plate Recognition (LPR) that allows for efficiently enforcing all aspects of the parking program for both existing and future features, including permit parking, time limits, and paid parking. The key to enforcement is ensuring ongoing consistency to achieve compliance without being too heavy handed. This may include the use of warnings to address education and understanding of the rules proactively. Warnings as well as citations can be tracked to ensure repeat offender issues are addressed. Current limited staffing levels in parking enforcement combined with ancillary duties assigned to staff can lead to inconsistent enforcement which can be confusing to end users.

*Wayfinding* – Branding and getting visitors to vacant spaces may be the single most effective means of better utilization of current spaces. Utilizing technology to point to vacant parking spaces can reduce the stress of parking and improve traffic by reducing the number of cars browsing for spaces. Parking guidance can be implemented in a way that takes advantage of a customized look and feel for Los Gatos, avoiding signage that is utilitarian and unattractive.

*Transportation Demand Management* – Providing opportunities for local visitors to enjoy the downtown without driving may provide additional capacity. Ideas include providing for a local shuttle, improved bicycle facilities, and the consideration of shared mobility devices.

CONCLUSION:

The Parking Study has resulted in the identification of a number of areas where the Town can effectively manage parking and thereby increase the effective supply and enhance the user experience. These are not one-time efforts, but rather ongoing programs that require resources by way of staffing and capital projects. Implementation will take a number of years, as highlighted in the Roadmap, with constant adjustments to align with lessons learned at each stage.

The Council may wish to provide direction to staff on the areas of the report where there is the greatest interest and which areas not to pursue. Attachment 2 portrays all of the recommendations in progressive order on one graphic.

PAGE 4 OF 4

SUBJECT: Receive the Comprehensive Downtown Parking Report – “Parking Roadmap”  
and Provide Direction for Next Steps

DATE: December 11, 2019

CONCLUSION (continued):

As each stop on the Parking Roadmap moves forward, the Council, businesses, and residents will have the opportunity to review that topic, provide feedback, and shape it to the needs of the Town.

FISCAL IMPACT:

There is no fiscal impact as a result of this report. Based on Town Council input, staff will develop future budget proposals to advance implementation of goals identified through the Parking Roadmap. Through the typical budget process, funding would be available in July and would allow for work to begin later next fiscal year. Depending on the amount and complexity of work that the Council desires to pursue, an early step may be the addition of a staff position to lead this effort.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:

1. Comprehensive Downtown Parking Report- “Parking Roadmap”
2. Parking Roadmap Graphic

# Town of Los Gatos, CA

# Parking

# Roadmap



December 2019

Prepared by Dixon Resources Unlimited

ATTACHMENT 1



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## Executive Summary

Dixon Resources Unlimited (DIXON) has prepared this Parking Roadmap (Roadmap) on behalf of the Town of Los Gatos (Town) to outline the recommended implementation steps and strategies to optimize the parking operation. This Roadmap was developed based upon a collaborate effort between various Town Departments, extensive stakeholder outreach, a six month parking data collection effort, and the following set of overarching program goals:

1. Develop a parking program that can grow and adapt over time while maintaining the small-town charm;
2. Achieve a balance between parking and loading options to support diverse needs of business owners, employees, customers, residents, and visitors;
3. Develop a sustainable parking solution for employees that supports downtown businesses while providing a customer-friendly parking experience;
4. Support downtown vitality through parking policies that improve access and safety; and
5. Provide ongoing management and oversight to track performance and optimize the operation.

The table below outlines the five Roadmap sections with a summary of recommendations based upon high-level projects and policies.

Section	Recommendations
Parking Demand Management	<b>Phase 1</b>
	<ul style="list-style-type: none"> <li>• Adopt a “Park Once” motto and establish a no reparking rule</li> <li>• Establish a Downtown Employee Parking Permit Program</li> <li>• Increase short-term parking options</li> <li>• Create an Electric Vehicle Infrastructure Permit Program</li> <li>• Hire a Parking Program Manager</li> </ul>
	<b>Phase 2</b>
	<ul style="list-style-type: none"> <li>• Implement a Pay-to-Stay rate model</li> <li>• Utilize Pay by Plate pay stations, mobile payment, and merchant validation</li> <li>• Establish equipment maintenance and collections processes</li> <li>• Expand the Downtown Employee Parking Permit Program</li> <li>• Optimize loading zone use</li> </ul>
	<b>Phase 3</b>
	<ul style="list-style-type: none"> <li>• Establish a Commercial Loading Zone Permit Program</li> <li>• Expand valet parking if needed</li> <li>• Utilize remote parking if needed</li> <li>• Construct a parking garage if needed</li> </ul>
	<b>Ongoing</b>
	<ul style="list-style-type: none"> <li>• Parking data analysis and data-driven decisions</li> <li>• Parking equipment maintenance and collections</li> <li>• Incrementally add Parklets and expand sidewalks</li> <li>• Actively pursue shared parking agreements.</li> </ul>

<b>Residential Area Parking</b>	<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Transition to digital permits</li> <li>• Adjust the Residential Permit Parking District permit rates and policies</li> <li>• Establish a new petitioning process for expanding or forming Residential Permit Parking Districts</li> <li>• Establish a High School Permit Program for students</li> <li>• Limit student permit eligibility based upon proximity</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• Expand High School student permit parking areas if needed</li> <li>• Introduce a commute gamification platform</li> <li>• Adjust residential special event permit program policies and application process</li> </ul> <p><b>Phase 3</b></p> <ul style="list-style-type: none"> <li>• Evaluate car sharing program opportunities</li> </ul> <p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Permit parking program adjustments as needed</li> </ul>
<b>Enforcement</b>	<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Prioritize enforcement coverage in Downtown time limit areas and optimize the staffing schedule based upon operating hours</li> <li>• Issue warning notices to first-time violators as new rules are introduced</li> <li>• Utilize license plate recognition cameras as a data collection tool to evaluate the Downtown Employee Parking Permit Program</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• Integrate enforcement technology with new parking technology systems</li> <li>• Hire additional Parking Control Officers to improve enforcement coverage and consistency</li> </ul> <p><b>Phase 3</b></p> <ul style="list-style-type: none"> <li>• Consider contracting enforcement services if needed</li> </ul> <p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Adjust enforcement staffing and schedules as needed</li> <li>• Utilize Gap Management methods to monitor officer productivity</li> </ul>
<b>Wayfinding and Parking Guidance</b>	<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Develop an easily recognizable public parking brand</li> <li>• Install occupancy counting technology</li> <li>• Implement an automated parking guidance system with digital signage</li> <li>• Install walkability signage</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• Broadcast real-time occupancy data through a web application</li> </ul> <p><b>Phase 3</b></p> <ul style="list-style-type: none"> <li>• If a garage is developed, install interior wayfinding directional signage</li> </ul> <p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Monitor occupancy equipment and make adjustments to parking guidance system as needed</li> </ul>

<b>Transportation Demand Management</b>	<p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• Establish a Shared Mobility Device Permit Program</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• Install secure bike parking options</li> </ul> <p><b>Phase 3</b></p> <ul style="list-style-type: none"> <li>• Implement a circulating shuttle system</li> </ul> <p><b>Ongoing</b></p> <ul style="list-style-type: none"> <li>• Offer public transportation incentive programs</li> </ul>
---	---

The Roadmap further explains the phasing of each recommendation based upon a realistic and actionable approach. For every strategy, the Town should take a proactive approach to parking management that includes ongoing consideration for data-driven decisions, stakeholder feedback, technology, and transportation demand management.

# 1. Introduction

## 1.1. Project Overview

Dixon Resources Unlimited (DIXON) has prepared this Parking Roadmap (Roadmap) on behalf of the Town of Los Gatos (Town) to outline the recommended implementation steps and strategies to optimize the parking operation. The following provided the foundation for the development of this Roadmap:

- A review of background documentation,
- Three onsite assessments,
- Six rounds of parking data collection,
- Staff and stakeholder input, and
- Industry best practices.

### 1.1.1. Staff Collaboration

DIXON met with Town staff initially in May, 2019 to understand key objectives and again in August, 2019 for feedback on initial recommendations. The development of this Roadmap relied on a collaborate effort between various departments including:

- Parks and Public Works,
- Police Services,
- Community Development, and the
- Town Manager

### 1.1.2. Stakeholder Outreach

DIXON facilitated a series of stakeholder meetings between May through November 2019. Initial stakeholder meetings were meant to understand community needs and priorities. DIXON returned to provide updates about study findings and draft recommendations for feedback. A list of meetings is provided below in Table 1.

**Table 1: Stakeholder Meetings**

Dates	Meetings
May 1, 2019	Town Hall (Primarily Residents)
May 2, 2019	Chamber of Commerce
June 5, 2019	Los Gatos High School
August 20, 2019	Transportation and Parking Commission
	Town Council
August 21, 2019	Chamber of Commerce
November 6, 2019	Chamber of Commerce
	Transportation and Parking Commission

DIXON also conducted stakeholder surveys for additional feedback, as described below.

### 1.1.2.1. Employee Surveys

DIXON visited a variety of downtown businesses and conducted employee surveys in-person on June 5, 27, and 28, 2019. A total of 77 employees were surveyed from 61 businesses. Appendix A includes a detailed overview of survey results. A summary of key findings is below:

- 93% drove a car to get to work;
- 10% parked on-street and 56% in a public parking lot;
- 92% parked within 1 block of their work;
- 72% of employees surveyed in-person said they would be willing to buy an employee parking permit if it meant they could more easily find a space to park;
- For those employees that stated they were willing to buy a permit, a range of reasonable monthly permit rates of \$1 to \$50 was provided;
- 81% think there is not enough parking downtown for customers; and
- 50% think customers would not be willing to pay for parking, 36% think they would, and 14% are not sure.

Participants were also asked what they would do if they could “change, fix, or improve anything about parking” in Los Gatos. A variety of responses were given, with some of the most frequent answers included below:

- Add more long-term parking options or increase time limits;
- Build a parking garage; and
- Create more employee permit parking locations.

### 1.1.2.2. Online Survey

DIXON also developed a detailed online survey to reach a broader audience. The Town promoted the online survey through social media platforms beginning in mid-June and 477 responses were collected. The majority of participants live within the Town, and the majority typically visit downtown at least multiple times per week, including 20% of participants who work downtown. Appendix B includes a detailed overview of survey results. A summary of key findings is outlined below:

Regarding their most recent visit to Downtown Los Gatos:

- Dining and shopping were the most common reasons for visiting downtown;
- Very few visits lasted more than 4 hours;
- The majority of participants took a personal vehicle to reach downtown;
- Zero participants took public transit to reach downtown;
- The amount of time it took to find parking was evenly varied, with a slim majority finding a parking space in less than 5 minutes;
- The majority found parking within 1 block of their destination;
- The majority would not have been willing to pay for parking for a more convenient space;
- Ease of finding of parking space was on average the most important factor when deciding where to park; and

- The majority agreed that they would visit downtown more often for leisure activities if parking were easier to find.

The majority of participants believe that:

- The 2-hour time limit is not long enough for most visitors/customers, but a 3-hour time limit is;
- There is not enough long-term parking downtown; and
- The Town should build more parking.

The majority of downtown employees surveyed in the online survey would:

- Walk 2-3 blocks for a guaranteed parking space;
- Not be willing to pay for a parking permit.

### 1.1.3. Parking Data Collection

Six rounds of parking occupancy and turnover data were collected as outlined below in Table 2. These dates were selected to understand trends on:

- Weekdays versus weekends;
- While high school is in session versus on summer break; and
- Before versus during the One-Way Street Pilot.

Additionally, the dates were selected to understand normal conditions and avoid interference with major holidays or events. Collecting data during normal or average conditions allows the Town to develop policies and programs that address the majority of the year. Peak periods should be managed by exception.

**Table 2: Parking Data Collection Dates**

Round*	Dates	9AM	12PM	3PM	6PM	7PM
1	Wednesday, May 1	✓	✓	✓	✓	✓
	Friday, May 3	✓	✓	✓	✓	✓
	Saturday, May 11	✓	✓	✓	✓	✓
2	Wednesday, May 22	✓	✓	✓	✓	
	Friday, May 24	✓	✓	✓	✓	
3	Wednesday, June 26	✓	✓	✓	✓	✓
	Friday, June 28	✓	✓	✓	✓	✓
	Saturday, June 29	✓	✓	✓	✓	✓
4	Wednesday, July 31	✓	✓	✓	✓	✓
	Friday, August 2	✓	✓	✓	✓	✓
	Saturday, June 29	✓	✓	✓	✓	✓
5	Wednesday, August 21	✓	✓	✓	✓	
	Friday, August 23	✓	✓	✓	✓	
6	Wednesday, September 11	✓	✓	✓	✓	



	Friday, September 13	✓	✓	✓	✓	
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*\*Rounds 1 and 2 of data collection consist of a reduced study area. The remaining data collection rounds are an expanded study area that also include private parking supply.*

Appendix C includes a detailed overview of data collection locations and findings.

## 1.2. Goals

Below are the overarching program goals that guided the development of the Roadmap recommendations:

6. Develop a parking program that can grow and adapt over time while maintaining the small-town charm;
7. Achieve a balance between parking and loading options to support diverse needs of business owners, employees, customers, residents, and visitors;
8. Develop a sustainable parking solution for employees that supports downtown businesses while providing a customer-friendly parking experience;
9. Support downtown vitality through parking policies that improve access and safety; and
10. Provide ongoing management and oversight to track performance and optimize the operation.

## 2. Roadmap Structure

The Roadmap starts with an overview of background information, which includes a review of historical policy decisions, programs, and recent planning documents as they relate to parking management.

Next, the Roadmap includes the following five sections:

- Parking Demand Management,
- Residential Area Parking,
- Enforcement,
- Wayfinding and Parking Guidance, and
- Transportation Demand Management.

Recommendations in each section are organized into three phases followed by ongoing recommendations. Phase 1 describes the initial parking management steps that are recommended to address immediate challenges and prepare for future recommendations. The timing of Phases 2 and 3 is flexible and dependent on the impact of initial recommendations on parking behavior and trends. The Roadmap describes the progression between phases based upon ongoing data collection, monitoring, and oversight.

Near the end of each section there is a table that outlines the estimated cost and impact levels for each recommendation. Certain strategies are interconnected and bundled together as such. The estimated cost and impact levels are based upon the following descriptions in Table 3:

**Table 3: Estimated Cost and Impact\***

Level	Cost	Impact
High	Upfront investment > \$300,000	Large and immediate influence on parking behavior or program efficiency.
Medium	Upfront Investment > \$100,000	Either small and immediate <i>or</i> large and gradual influence on parking behavior or program efficiency
Low	Upfront investment < \$100,000	Small and gradual influence on parking behavior or program efficiency.

*\*Cost and impact values within this report are assigned by DIXON based upon experience in recent solicitation and implementation projects. Actual costs and impacts are subject to Town review and may change depending on factors such as vendor selections, implementation scale, and timeline.*

Each section concludes with an implementation guide that summarizes the implementation steps amongst all recommendations by phase. The following symbols are used for ease of review:

- **\$** : May require a budget allocation, investment, or purchase.
- **TC** : May require a Town Code update.

## **3. Background Information**

### **3.1. Parking Assessment District**

The Parking Assessment District (PAD) was created in 1982, shortly after the adoption of the Downtown Specific Plan (DTSP). PAD assessments were based on gross floor area; however, these floor areas were based upon estimates, so business owners and property owners were encouraged to report actual square footage. To fund improvement projects, the PAD issued 25-year bonds in 1988. As mentioned in a September 1995 Town Council report, the PAD created parking credits for each parcel within the district.

The creation of the PAD relieved all non-conforming property owners in relation to providing on-site parking, paying additional funds to the district for the existing floor area, or reconfiguring buildings to remove excess square footage. Additional parking was necessary only if additional square footage was added or if uses were intensified. Certain buildings that were below the maximum floor area ratio (FAR) of 0.6 had the opportunity for future intensification. The PAD was allowed to sunset in 2013.

### **3.2. 1996 Parking Improvement Plan**

The 1996 Parking Improvement Plan of Los Gatos recommended that the Town develop 180 new parking spaces over the following five years by constructing another structure and improving efficiency of existing structures. Private development of spaces and computerized pay-on-foot pay station technology was recommended in order to fund the ongoing maintenance. Additionally, parking credits or incentives for residents with valid California license could be included. The 1996 Plan also recommended that certain areas within the downtown core should be designated for employee parking with monthly or annual fees.

### **3.3. 2001 Parking Management Study**

The 2001 Parking Management Study surveyed parking occupancy to evaluate utilization in Downtown Los Gatos. Findings from the 2001 Study revealed that public parking spaces were heavily occupied (93%) at mid-day during the week and on Saturday. The Study also found that more than 850 employees typically parked in prime parking spaces in the downtown core. The Study recommended that an additional 70-100 parking spaces be added to the downtown parking supply to meet an 85% parking occupancy threshold. Ten parking lot/garage configuration alternatives were proposed to accommodate current and future parking demand including restriping or expanding existing lots and the construction of a subterranean lot.

The Study also recommended expanding the holiday valet program, allowing the leasing of private parking spaces to downtown employees, a residential permit parking program, 90-minute parking zones, hiring of additional enforcement staff.

### **3.4. 2004-2005 Parking Management Plan Update**

The 2004-2005 Parking Management Plan Update discussed placing the Parking Division under the supervision of the Traffic Sergeant due to the elimination of the Parking Coordinator position and one Parking Control Officer position. The Update also discussed establishing a downtown employee parking permit program, beginning in January 2006. The benefits of the employee permit program were discussed, including that it would be a business retention tool because it would reduce the number of times employees would need to move their vehicles out of time limited parking areas, as well as reduce the number of employees occupying on-street parking spaces. Recommendations included issuing a maximum of 200 permits at a cost of \$35 per month or \$300 annually, issuing the permit on an annual basis, allowing permit-holders to park in any Downtown municipal lot (Lots 1-7), and allowing permit-holders to park all-day. Recommended next steps included continuing outreach and education with business owners and employees, as well as ongoing monitoring of the program after implementation to determine if adjustments are needed.

### **3.5. 2017 Time Limit Assessment**

In September and November of 2017, the Transportation and Parking Commission began an analysis of Main Street from College Avenue to Lyndon Avenue, Santa Cruz Avenue from Highway 9 to Wood Road, University Avenue between Highway 9 and Main Street, streets between University and Santa Cruz, including Elm, Grays, Royce, and Bachman, and each of the Town-owned downtown parking lots totaling 1,253 parking spaces. These studies looked at utilization levels with respect to time limits to determine whether spaces should be shifted from one time limit to another. Main findings were that there should be a shift in Lots 1 and 2, which are currently a combination of three hour and unlimited parking, to allow for longer four hour stays.

### **3.6. Parking Garage**

The Town Council special Ad Hoc Committee (Committee) held a meeting in February, 2015 to consider the development of a Downtown parking garage. In September the Town requested information from qualified private sector firms about potential public-private partnership opportunities. The Council provided direction to staff which included a partnership with Presidio Development for the construction of a mixed-use parking garage and housing project. Later in January, 2017 the Town entered into an agreement with Keyser Marston Associates to provide consulting services during negotiations with Presidio Development Partners. In April, 2017, the Committee reviewed a draft Exclusive Negotiating Rights Agreement and provided input into the agreement and the schedule. Next the Committee reviewed preliminary massing diagrams for the project and heard public input on height, mass, viewing angles to adjacent property, and traffic flow.

In the Following year in January, 2018 the Committee authorized Presidio Development Partners to assist with the construction of a mixed-use parking structure that includes both market rate and below market price (BMP) units. The preliminary design was concluded to be compatible in scale with other downtown buildings and included at least 300 parking spaces, 6 BMP units and up to

18 market rate residential units. Staff reviewed cost reduction efforts through review of equity financing and Town permitting costs, as well as potential variations of the design.

There were no Town funds immediately available to support the proposed designs, so additional funding options were considered. This included using bonds, a construction loan, sales tax, Downtown Assessment Districts (property tax), paid parking, or a year end fund balance as a source of funds.

### 3.7. 2020 General Plan

On September 20, 2010 the Town adopted the 2020 General Plan. A comparison of the General Plan vision statements and their relation to parking management is outlined below in Table 4:

**Table 4: 2020 General Plan Vision Statements and Parking Considerations**

Vision Statement	Related Parking Considerations
Foster a pedestrian-oriented community with a small-town character.	<ul style="list-style-type: none"> <li>● Parking supply density</li> <li>● Access to/from parking options</li> <li>● Discouraging re-parking</li> <li>● Facility and signage aesthetics</li> </ul>
Maintain a balanced, well-designed mix of residential, commercial, service and open space uses through integrated land use planning.	<ul style="list-style-type: none"> <li>● Parking policies and programs should accommodate a variety of needs</li> <li>● Shared parking opportunities</li> <li>● Operating hours</li> <li>● Permit parking programs</li> </ul>
Be a full-service community that is also environmentally sensitive.	<ul style="list-style-type: none"> <li>● Congestion mitigation</li> <li>● Transportation demand management</li> <li>● Encouraging carpooling and mode alternatives</li> </ul>
Support an active business community that provides a wide variety of goods and services and a broad range of employment opportunities, minimizing the need to travel to other communities.	<ul style="list-style-type: none"> <li>● Employee parking options</li> <li>● Commercial loading zones</li> <li>● Merchant validation</li> </ul>
Provide a well-run, efficient municipal government that is fiscally healthy, with high levels of public safety, recreational, art and cultural amenities and that is supportive of high quality education.	<ul style="list-style-type: none"> <li>● Paid parking and a sustainable parking operation</li> <li>● Parking Benefit District</li> <li>● Improving safety through parking policies</li> </ul>

The Transportation Element of the General Plan specifically addresses various aspects of transportation including parking. Below is a list of the adopted transportation goals:

1. To develop transportation systems that meet current and future needs of residents and businesses;
2. To create and maintain a safe, efficient and well-designed roadway network;

3. To prevent and mitigate traffic impacts from new development;
4. To ensure that future changes to Highway 17 do not negatively impact the quality of life or small-town character of Los Gatos;
5. To ensure that Los Gatos’s streets are safe for all users, including drivers, cyclists, and pedestrians;
6. To improve traffic flow in the downtown and reduce the effect of downtown traffic on nearby commercial and residential areas;
7. To ensure that hillside streets maintain the rural atmosphere, minimize disruption of ecological integrity, and provide safe and continuous access consistent with development allowed by the Hillside Specific Plan and Hillside Development Standards and Guidelines;
8. To improve mass transit within Los Gatos;
9. To reduce reliance on the automobile by promoting alternative modes of transportation in the transportation system;
10. To encourage increased levels of bicycling and walking;
11. To provide a safe and efficient system of bicycle and multiple use trails throughout the Town, creating a non-motorized connection to recreational and commuting destinations;
12. To ensure a well-designed and well-maintained system of trails that connects the Town and open space areas;
13. To provide adequate parking for existing and proposed uses, and to minimize impacts on surrounding residential neighborhoods; and
14. To ensure that there is adequate parking in Downtown to meet the needs of Los Gatos residents and visitors.

Policies and action items related to parking are outlined below in Table 5:

**Table 5: 2020 General Plan Parking Policies and Actions**

Policy / Action	Description
Policy TRA-13.1	The Town’s parking standards shall be adequate to meet demand.
Policy TRA-13.2	Provide an adequate number of parking spaces in all new development.
Policy TRA-13.3	Require adequate parking in commercial areas so as not to impact or affect adjacent residential properties.
Policy TRA-13.4	Consider permit parking on a case-by-case basis if requested by neighborhoods affected by non-residential development.
Policy TRA-13.5	Provide for safe pedestrian circulation in parking lots without unnecessarily eliminating parking spaces.
Policy TRA-13.6	Provide staff support for administrating the parking program.
Action TRA-13.1	Develop and adopt a parking management plan to include incentives and disincentives for appropriate employee parking, including parking credits for the use of public transit and/or ridesharing.
Action TRA-13.2	Develop and adopt appropriate parking controls to protect downtown residential neighborhoods from the encroachment of downtown shoppers and employees.
Action TRA-13.3	Periodically review Town Code parking requirements and standards to ensure that they are adequate to meet demand.

Policy TRA-14.1	Promote the formation of an assessment district and/or consider the use of the various parking and business improvement programs authorized by State law to help finance the construction of parking facilities and/or alternatives to parking.
Policy TRA-14.2	Revenues collected (from fines, fees, meters, and permits) shall accrue to the district to help pay for maintenance, enforcement, capital replacement, later phases of the parking district, and parking alternatives or programs to maximize use of facilities for parking and alternatives to parking, such as shuttle buses, more employee lots, bicycles, bus passes, etc.
Policy TRA-14.3	Stand-alone parking facilities in Downtown Los Gatos should be at or below grade. All parking facilities shall exhibit excellence in design, minimize impacts on adjacent property, and be consistent with the Town’s character.
Policy TRA-14.4	To the extent possible, locate parking facilities in relation to the primary approach direction of users in order to minimize internal circulation within the Central Business District/East Main Street area.
Action TRA-14.1	Develop a revenue collection plan.
Action TRA-14.2	Develop a plan for implementing improvements on one or more of the parking facilities listed below to increase available parking: a. Bachman Avenue/Highway 9 Parking Lot b. Royce Street/Bachman Avenue Parking Lot c. Grays Lane/Royce Street Parking Lot d. Station Way Parking Lot e. Farwell Parking Lot
Action TRA-14.3	Develop and adopt adequate design criteria to ensure parking facilities that are aesthetically pleasing, well designed for parking maneuverability, properly signed for ease of use, properly located to attract traffic as it approaches the Downtown, and made as inconspicuous as possible through the use of landscaping, berms, screening, and the like.
Action TRA-14.4	Maximize the utilization of existing parking lots and spaces to meet Downtown business and residential demands.
Action TRA-14.5	Implement programs for pedestrian, bicycle, and transit-oriented systems to supplement parking in the Central Business District.

### 3.8. One-Way Street Pilot

**Figure 1: Los Gatos Parklet**



The Town recently experimented with a new Downtown streetscape during a One-Way Street Pilot beginning July 8 through October 31, 2019. This pilot did impact existing parking supply, but ultimately the project provided a net gain of seven spaces due to nearby angled parking restriping along North Santa Cruz Avenue.

This pilot was part of a broader “Experience Los Gatos” effort to reinvigorate the Downtown core and provide new ways to experience the Town. North Santa Cruz Avenue was temporarily converted to a one-way street heading southbound from Bachman Avenue to Elm Street. By doing

so, the Town was able to make space for a southbound bike lane and seven parklets. This pilot was an opportunity for the Town to assess potential permanent changes to the Downtown that could be more bike and pedestrian-friendly.

In order to assess parking impacts before versus during the pilot, data from Santa Cruz Avenue and nearby University Avenue was compared. There was very little change in parking occupancy at any time of day when comparing before and during the pilot. Overall, there was a minor decrease in occupancy during the pilot. Traffic congestion was not evaluated as part of this parking assessment.



## 4. Parking Demand Management

Parking demand management strategies are meant to encourage drivers to park in underutilized locations and use of alternative modes of transportation when available. The goal of parking demand management strategies is to influence behavior and maximize the efficiency of parking assets. Parking demand management tools include:

- time limits,
- paid parking,
- permit parking,
- incentive programs,
- transit options, and
- parking supply adjustments.

There is a common perception in Los Gatos that there is usually not enough available parking. Based on recent data collection, this appears to be the result of a **parking management challenge rather than a parking supply shortage**. Many stakeholders suggested building a parking garage, but this approach should be carefully evaluated since it would be a significant long-term financial investment. As a starting point, it is important to maximize the efficiency and utilization of existing supply using parking demand management strategies. Parking best practices focus on addressing core parking management challenges first and providing additional supply only as existing demand is strained.

Recommendations in this section provide a realistic phased approach based upon incremental steps, ongoing considerations, and data-driven decisions.

### 4.1. Phase 1

#### 4.1.1. “Park Once”

The Town should adopt a “Park Once” motto that encourages drivers to park just once and rely upon other modes of transportation such as walking, biking, and transit to move around if there are multiple destination points per visit. This requires that drivers park in a parking space with an appropriate time limit rather than re-parking their vehicle. Based upon stakeholder input and the employee surveys, many downtown employees currently park in 2-hour or 3-hour time limit spaces and re-park (to avoid citations) by midday when traffic congestion typically peaks.

The Town should develop an education and outreach campaign that focuses on the importance of the “Park Once” method with suggestions for where to park for long-term versus short-term visits. The benefit of encouraging drivers to park once is that congestion resulting from re-parking and searching for a space is mitigated, therefore reducing greenhouse gas (GHG) emissions. The Town’s continued advancement of its Bicycle and Pedestrian Master Plan towards improving walking and bicycling infrastructure, will also contribute to the “Park Once” ethos. The Town can also include information about the No Reparking rule, as described below in Section 4.1.2.

#### 4.1.2. No Reparking

In conjunction with the “Park Once” approach, a no reparking ordinance is recommended to improve the effectiveness of time limits. A no reparking rule works by requiring drivers to move their cars a defined distance away to be allotted a new time limit period. This is important to minimize congestion and encourage drivers to park in long-term off-street spaces rather than attempting to utilize convenient on-street time limit spaces throughout the day. It is an industry best practice to utilize on-street parking for shorter visits and loading since it is the most convenient and minimizes the impact of walk time between the space and a destination. For longer visits, walking for extra time between destinations has less of an overall impact on the total trip time.

In order to introduce a no reparking rule, the Town should also offer a Downtown Employee Parking Permit Program in order to ensure that employees have sufficient long-term parking options, as described in Section 4.1.3.

The posted signs within the Olive Zone already indicate that after the time limit expires, re-parking is prohibited within the zone before 4:00 p.m. However the Town has yet to expand this type of restriction to the Downtown area or off-street parking lots and there has been no enforcement within the Olive Zone. While a zone-based re-parking policy can be effective with consistent enforcement, it is also the most restrictive. Implementing a similar policy in the Downtown could discourage visitors and customers from staying Downtown for longer periods of time if they are unable to find sufficient parking. Additionally, there may be situations where a customer visits Downtown in the morning and then again in the afternoon.

It is recommended that the Town remove the current Olive Zone signs and adopt a Town-wide policy that prohibits re-parking in time limit stalls within 500 feet until after a 2-hour “timeout” period. The timeout period will allow for multiple visits per day while still encouraging long-term parking sessions to occur in long-term parking spaces. A length of 500 feet will provide enough distance to cover most surface parking lots which will make the rule more effective. The rule can be enforced using recently purchased enforcement equipment as described in Section 6.

**Figure 2: San Leandro Sign**



Nearby, the City of San Leandro introduced a no reparking rule within the Washington Plaza parking lot in order to prevent employees from utilizing the time limited spaces intended for customers. This rule effectively encourages employees to participate in the City’s employee permit parking program and park in a nearby parking garage instead.

### 4.1.3. Downtown Employee Parking Permit Program (Phase 1)

The Town of Los Gatos initially began an Employee/Employer Permit Parking Program in 2001. The program provides parking permits for businesses and employees within the Olive Zone which includes the southside of East Main Street from Pageant Way to Alpine Avenue, Pageant Way, Church Street, sections of Villa Avenue and Jackson Street. Employee permits allow unlimited parking. In addition to the Olive Zone permit option, it is recommended that the Town develop a program for the downtown area.

The “Park Once” approach and no reparking rule should be implemented alongside a Downtown Employee Parking Permit Program to discourage employees from utilizing time limit parking options. Based on stakeholder input, there are a significant number of employees that currently park in 3-hour and 2-hour time limited spaces, sometimes directly in front of businesses, and repark their vehicles as needed. During the employee survey, 92% of participants said that they parked within one block from work. There are multiple reasons why employees may park outside of businesses and in time limit areas including:

- Convenience and location,
- Inability to find other available parking,
- Unknown alternative options, or
- Insufficient long-term parking options.

It is important to provide sufficient long-term permit parking options for employees prior to implementing the no reparking ordinance. Currently, driving is the most common way that employees are accessing work. 93% of participants in the employee survey reported that they drove a car to work, but only 35% of them had a private parking option.

It is recommended that the Town take a phased approach to implementing a Downtown Employee Parking Permit Program. It is important that the program be closely monitored so policies, locations, and prices can be adapted as needed to optimize the program. Ultimately, the goal of the program should be to create more convenient parking availability for customers and visitors while ensuring that employees have affordable and accessible locations to park long-term. Ideally, time limit parking should be available for customers and visitors, which will encourage turnover and improve access to downtown businesses.

Initially, the Town should establish two daytime Downtown employee permit parking locations with a total of 275 permit spaces:

- **Parking Lot 4 (Underground) – 152 spaces:** Many employees are already accustomed to parking on the bottom floor of Lot 4 because it is conveniently located in the Downtown core and does not have a time limit. Ideally this prime parking location would be made available for customer parking, however, it is also important to provide convenient parking options for employees. Due to its prime location, this should be the most expensive permit parking location.
- **North Side Lot – 123 spaces:** The North Side Lot does not have a time limit currently, and according to the 2019 data collection it was frequently underutilized. This is an ideal employee permit parking location because it is situated somewhat on the

perimeter of the Downtown core but is still within a reasonable walking distance of many Downtown businesses.

An important part of the education and outreach process will be communicating the upcoming introduction of the no reparking regulation. Additionally, employee outreach should focus on the importance of improving parking availability and access for customers.

In order to estimate the number of parking spaces needed to accommodate Downtown employees, the Town could release a wait list ahead of the program launch. This will allow the Town to gauge the level of demand and make adjustments to the permit parking supply accordingly. Ideally, employees should be asked to rank their location preferences, and at a minimum they should be required to provide their name, license plate number, and email address.

It is also recommended that the Town start with a 10% oversell, meaning that 10% more permits should be sold than what the Downtown permit parking supply can accommodate. This is because it is very unlikely that all permit holders will be parked at the same time. In fact, the Town may need to increase the level of oversell depending on the occupancy rates observed in the permit parking locations upon implementation. Knowing that during the first phase there will still be other free unlimited parking locations nearby, participation could be low and permit parking locations may be underutilized. It is important to monitor this carefully because the permit parking locations will be displacing public parking supply. If permit spaces are underutilized this could temporarily exacerbate public parking occupancy rates. To improve participation, the Town may want to offer incentives to employees that purchase a permit for the initial phase such as two months of free permit parking.

Another recommendation is to initially provide only a monthly purchase option with no opportunity to purchase multiple months or one year at a time. This will allow the Town to expedite any necessary adjustments to policies, price, and locations without having to refund permit holders or wait until existing permits expire to phase in new policies.

The Town should include a reasonable monthly rate that is similar to what other nearby agencies are charging to ensure that the permit is priced at market rate. Since the majority of Downtown employees surveyed shared that they are not willing to pay for a permit, it is important to choose a reasonable rate. While most people will choose free instead of paid when they have the option, the reality is that there is a value to parking Downtown and there will be ongoing operating costs associated with the permit parking program. At a minimum, a nominal value should be assigned to the permit to help sustain the program and provide opportunities for influencing driver behavior. If paid public parking is introduced at a later point, the employee permits would also be a more affordable option for employees to further incentivize participation.

Other nearby agencies already have employee parking permit programs with varying rate structures and policies as outlined in Table 6:

**Table 6: Nearby Agencies with Employee Parking Permit Programs**

Page 492	Agency Employee Parking Permit Program Summary
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Danville	Employees are encouraged to purchase permits which allow for all-day downtown parking. Zone 1 is free, whereas Zones 2 and 3 cost \$50 annually.
Los Altos	The Downtown Employee Parking Permit Program allows for the purchase of \$37 annual permits or \$12 quarterly permits that can be purchased online, and permit holders are able to park in parking stalls marked with a white dot.
Palo Alto	Employees of businesses in the downtown parking assessment district may purchase annual permits for long-term parking in any of the off-street parking lots and garages. Parking permits are available for \$750.00 per year.
Santa Barbara	Santa Barbara offers a Monthly Parking Permit for employees in the Downtown Parking lots which ranges from \$110-\$160 per month. They also offer Commuter Lot permits for \$40-\$70 monthly.
Santa Cruz	Monthly permits for Downtown lots are selling for \$45. These are sold at the Parking Office downtown.
San Jose	Businesses in neighborhoods that have residential parking permit programs are eligible for parking permits for employees, depending on the availability of off-site parking. The maximum number of permits issued is the lesser number of employees listed on the Business Tax Certificate/employee directory. Depending on location, each permit could be \$35 or \$0.

Based upon the comparable agencies, and the fact that parking is free in Los Gatos currently, a reasonable starting point for the Downtown employee permits would be in the range of \$20-30 per month. This is also similar to the existing Olive Zone permit rate which costs \$248 annually or \$20.67 per month. Once paid parking is introduced, and if the demand for permit parking continues to increase, the Town could consider incremental adjustments to the price.

While the first phase will be a helpful starting point, it will likely not solve the employee parking challenge alone. However, it is important to start small to avoid a significant impact to the Downtown while the program is further evaluated and monitored.

#### **4.1.3.1. Low-Income Permit**

It is critical for the success of Los Gatos businesses that low-income employees have an affordable option for parking. The Town should establish an income threshold for qualification, and with proof, employees could qualify for a reduced permit rate. For example, the City of Sacramento offers a Discounted Employee Parking Program (DEPP). The DEPP is designed to provide an affordable alternative to those who make an hourly wage of \$16 or less and who work within a designated area of Downtown Sacramento. An initial low-income permit parking rate in Los Gatos should be somewhere in the range of \$10-15 per month.

#### **4.1.4. Permit Management**

The existing Employee/Employer Permit Program within the Olive Zone is facilitated by a Community Outreach Coordinator within the Police Department. The Town utilizes the Turbo Data Systems automated permit management system to support permit orders, purchases, and online account management. Applicants are required to provide a valid Los Gatos business license and businesses must be located within the Downtown Parking District. Documentation can either be provided directly to the Los Gatos-Monte Sereno Police Department or uploaded through the online portal.

Employees can purchase one nontransferable annual permit but must have the required form signed by their employer. The permit is void once the employee no longer works at the business where the permit was registered. Employers can also purchase employee permits and are required to verify the number of employees that work at the business and have a valid business license. Employers cannot purchase more permits than they have employees working for the business. Standard permits cost \$248 per vehicle annually, \$37 replacement fee for lost permits, and \$18 replacement fee for damaged permits. Existing employee parking permits are physical hangtags that must be hung on the rear-view mirror with the printed side towards the windshield. If the permit hangtag cannot be hung on the rear-view mirror the permit must be placed on the dashboard with the printed side visible.

Many agencies are beginning to transition to digital license plate-based permits instead of physical hangtags or stickers. With digital permits, the license plate number becomes the permit identifier for verification purposes. Knowing that the Town has recently upgraded license plate recognition cameras for enforcement, as described in Section 6, digital permits could be efficiently enforced through an integration between the Town's permit management vendor and the license plate recognition camera vendor. Digital permits also eliminate the need for physical permit fulfillment and can easily be updated online in instances where a permit holder switches vehicles.

The Town should also expand the existing system to include the recommended Downtown Employee Parking Permit Program option. This would provide one online portal for employees to select either the Olive Zone or Downtown permit option depending on their place of employment. Employees applying for the low-income permit should be required to upload proof of income through the permit management portal.

#### **4.1.5. Short-Term Parking**

The Town should ensure that there is at least one short-term 30-minute parking stall per block in commercial and mixed-use areas. Additionally, the off-street parking bordering the backside of Downtown businesses should also include 30-minute parking stalls for ease of access. It is important to provide convenient short-term parking availability for quick visits to businesses. With

the rising popularity of food delivery services around the country, short-term parking is becoming constrained.

It is an industry best practice to maintain the most convenient spaces for short-term parking, loading, and ADA access, while longer-term parking should be encouraged in off-street or fringe locations. This is because the walk time between an off-street or fringe location and a destination is a smaller fraction of the overall trip time. Additionally, creating more on-street curb space availability for shorter visits and loading will reduce congestion and improve access.

#### 4.1.6. Electric Vehicle Charging

Los Gatos currently has nine ChargePoint Electric Vehicle (EV) Charging Stations located in the Downtown area. There is \$1 access fee along with a usage fee of \$1 per hour for first 4 hours and \$5 per hour thereafter. Revenue from the charging stations does not cover the cost of electricity plus maintenance. EV charging locations include:

- Downtown Parking Lot 3 (between Grays Ln. and Royce St.)
  - Downtown Parking Lot 4 (between Grays Ln. & Elm St.)
  - Downtown Parking Lot 5 (between Elm St. and W. Main St.)
  - South Municipal Lot (behind the Post Office)
  - Library Parking Lot (off of Villa Ave.)
  - Civic Center Parking Lot (off of Pageant Wy.)
  - Creekside Sports Park Lot (930 University Ave.)
  - Balzer Field Parking Lot (41 Miles Ave.)
  - Northside Parking Lot (Located between N. Santa Cruz Ave. & University Ave., North of Hwy 9)
- Establish lease value equal to value of constructing new parking space

The EV charging spaces sometimes reach 100% capacity and are typically in highest demand at 12 p.m. and 6 p.m. on average.

**Figure 3: EV Charging Station**



Tesla also installed SuperCharger stations in the Northside Lot with 12 total charging docks, along with the infrastructure to add eight more. In addition, Tesla installed six Level 2 chargers and are paying for the power and maintenance for those stations which work for any type of electric vehicle and are not limited to Teslas. These Level 2 stations are free to use. The Tesla charging stations also sometimes reached 100% capacity and Tesla is interested in expanding the number of stations in this location.

Recently, construction began on additional fast charging stations at the Bank of America parking lot. This trend of public private partnerships or of privately provided charging stations may take the place of municipal charging stations in the future.

Offering EV charging stations can be an incentive for drivers to stop in Los Gatos and patronize nearby businesses while waiting for their vehicle to charge. Additionally, as EVs become more common, demand for EV charging stalls will increase. Based upon the high demand for EV charging stations, the Town could consider allowing Tesla to install the additional SuperCharger stations they desire. However, this decision should be carefully weighed since EV charging spaces displace public parking that would otherwise be available for any type of vehicle. Additionally, it is challenging to measure the benefit of EV charging stations to Los Gatos. While in some cases it may attract more potential customers, it is unclear how many EV drivers visit the Town for that purpose and how many visit nearby businesses as a result.

In order to safeguard the Town’s public parking supply, the Town should establish an Electric Vehicle Infrastructure Permit (EVIP) Program. In order to establish the program, the Town should define the following regulations:

- **Locations:** Where EV charging infrastructure may be located and any exceptions,
- **Coverage:** The Town should establish a maximum threshold of percentage of spaces that can have EV charging infrastructure in a given location. EV infrastructure in spaces that are not dedicated to EV parking may be an option to maximize flexibility in the future.
- **Siting:** Where and how EV charging infrastructure can be installed in order to minimize impacts on bike lanes, landscaping, lighting, and American with Disabilities Act (ADA) compliance, etc.;
- **Metering:** Must be in accordance with established electrical service connection requirements;
- **Availability:** EV charging stations on public property or in the right of way should be available to the public and not restricted to private use;

**Figure 4: EV Charging Sign**





- **Permit Types:** Define the required Town permits for installing the infrastructure and the review process;
- **Insurance and Security:** Define insurance, bond, and payment security standards
- **Installation:** EV charging station owners should be required to pay for all construction costs including signs, striping, or other public infrastructure costs and maintenance costs;
- **Integrations:** Require that EV charging station transactions be integrated with any future paid parking equipment to allow the user to complete a single transaction for both charging and paid parking; EV charging station providers should also be required to provide their application programming interface (API) to the Town. The API should indicate EVSE location, number of parking spaces, and usage data;
- **Data Sharing:** EV charging station providers should be required to provide a defined list of datapoints about charging events such as location, date, start and end time, time plugged in but not charging, user cost, zip code (if available), etc.;
- **Fees:** EV charging station owners should be required to pay all applicable permit fees in addition to a parking space lease per day fee that is greater than or equal to the value of the parking space. The value of the parking space can be determined based upon paid parking rates. Before the Town implements paid parking, this rate should be consistent with daily parking meter rates in nearby agencies. If paid parking is implemented, the rate can be adjusted over time. For example, if it costs \$9.00 per day to park off-street, the EV charging station owner should be required to pay a minimum of \$9.00 per day per leased space.
- **Parking Policies:** The Town should have the authority to set and adjust time limits, paid parking rates, and operating hours for all EV charging spaces. For reference, other nearby and similar agencies also offer EV charging stations with various time limits and rate models, as outlined in Table 7.

**Table 7: Nearby Agencies with EV Charging Stations**

Agency	EV Charging Stations
Campbell	As of 2015, Campbell had 15 charging stations in public lots, and these were provided at no cost to the city, as a part of the “Bay Area Charge Ahead Project” grant program. Now, Google advertises over 70 ChargePoint charging locations throughout downtown. Additionally, private locations such as Kohl's parking lot has 4 charging ports that are free for the first hour.
Danville	Danville has 7 ChargePoint Charging Stations with 3-hour time limits from 7AM-6PM. They charge 30 cents per kWh.
Los Altos	Los Altos has over 24 charging stations scattered throughout the downtown area, including EVgo, SemaConnect, Tesla, and ChargePoint stations. These spots typically charge \$1 per hour.
Santa Barbara	City Lot 6 has 4 stations, City Lot 7 has 2 stations, Helena Lot has 3 stations and the Harbor Main lot has 2 stations. In addition to parking fees, drivers are charged \$0.25 per kWh.
Santa Cruz	13 Level 2 charging stations are located throughout public parking lots: <ul style="list-style-type: none"> <li>• Eastside lot: 1</li> </ul>

	<ul style="list-style-type: none"> <li>• River Front Garage: 3</li> <li>• Soquel Front Garage: 3</li> <li>• Pearl Alley Lot: 2</li> <li>• South Pacific Lot: 2</li> <li>• Beach Hill Lot: 1</li> <li>• Wharf: 1</li> </ul> <p>Typically drivers are charged around \$1 per kWh in addition to the cost of paid parking.</p>
San Jose	<p>The City has 50 Level 1 and Level 2 charging stations in operation, primarily in downtown public parking garages:</p> <ul style="list-style-type: none"> <li>• Downtown garages: City Hall, Convention Center, Fourth &amp; San Fernando, Fourth &amp; St. John, Market &amp; San Pedro Square, Second &amp; San Carlos, and Third Street</li> <li>• Surface Lot: Woz &amp; Almaden Blvd.</li> <li>• On the street: Santa Clara Street between 4th and 5th streets</li> </ul> <p>Cost to use the station is \$1.25 per session and \$0.25 per kWh during the day, and \$0.20 per kWh overnight.</p>

#### 4.1.7. Parking Program Management

The Town does not currently have a designated staff position to oversee and centralize the parking operation. Currently, parking program management primarily falls under the Police Services Department with assistance from the Parks and Public Works Department. The Police Services Department operates the permit parking programs, manages special event parking applications, and provides parking enforcement services among many other duties. The Parks and Public Works Department is also involved with parking related programs and policies including the One-Way Street Pilot, Downtown parking, as well as streets and traffic programs. The Transportation and Parking Commission (TPC) also serves in an advisory capacity to the Town Council regarding Town policies on matters related to transportation and parking.

As the parking operation changes over time and as new technologies and policies are introduced, the Town should create a new Parking Manager or Parking Coordinator position. Because parking management impacts a variety of Town departments it will be helpful to have a dedicated position to oversee and coordinate the implementation and ongoing management of the operation. For synergy, this position should be housed in the Police Department to align with current parking operations already in place.

The Parking Manager or Coordinator could be responsible for overseeing all aspects of the parking operation including:

- Policy development,
- Equipment and technology procurement and implementation,
- Vendor contracts,
- Parking enforcement and gap management/citation data analysis,
- Ongoing parking occupancy and turnover data analysis,

- Permit parking program oversight and analysis,
- Special event parking planning,
- Shared parking agreement negotiations,
- Regular meetings with the TPC Commission, and
- Other parking program roles and responsibilities as appropriate.

## 4.2. Phase 2

### 4.2.1. Pay-to-Stay Model

The next recommended parking demand management strategy is the implementation of paid parking. While the majority of survey respondents indicated that they are unwilling to pay for parking, advancements in parking technology will allow the Town to offer a unique customer-centric rate model that increases flexibility. Instead of using two and three-hour time limits in the Downtown and Civic Center areas, it is recommended that the Town replace those time limits with a “Customer Value” Pay-to-Stay rate model with an initial two hours of free parking as shown in Table 8. This is called a Customer Value model because it still provides an option for free parking, similar to what is provided in the form of time limits currently, but it also gives customers the flexibility to park for longer if they desire.

While nearby in the City of Campbell there is free public parking with a two hour time limit, the proposed Customer Value approach in Los Gatos would still provide two hours of free parking. However, unlike with the time limit-only approach, the introduction of paid parking would provide additional flexibility for customers while still encouraging employees to participate in permit parking program programs. The Town should be considerate of the cost of a parking permit in comparison to metered parking to ensure that employees have an incentive to purchase a permit rather than pay for hourly parking.

**Table 8: Recommended Paid Parking Rate Model**

Rate Model	Location	Hourly Rate	Operating Days and Hours
Customer Value	On-Street	Hour 1: Free	Monday – Friday, 9:00 a.m.-6:00 p.m.
		Hour 2: Free	
		Hours 3+: \$2.00	
		Daily Maximum: \$18	
	Off-Street	Hour 1: Free	
		Hour 2: Free	
		Hours 3+: \$1.00	
		Daily Maximum: \$9.00	

The goal of paid parking should never be about revenue generation. Instead paid parking should be used as a parking management tool, combined with customer-centric tools such as mobile payment, promotional codes, and merchant validation, that will improve the overall parking experience in Los Gatos.

The Town should start with paid parking hours of operation between 9:00 a.m.-6:00 p.m. to be consistent with most existing time limit operating hours. Downtown on-street parking spaces are primarily time restricted to 2-hours between 9:00 a.m. and 6:00 p.m.. On-street parking in the Civic Center includes 90-minute time limits between 7:00 a.m. and 4:00 p.m. Monday-Friday, some 2-hour parking from 9:00 a.m. to 6:00 p.m., as well as some 30-minute parking spaces from 9:00 a.m. to 6:00 p.m.. Ending the paid parking at 6:00 p.m. will allow a driver to park for free starting at 4:00 p.m. since the two hours of free parking would apply through the end of the operating hours. This means that it does not address the evening parking challenges. Until the Town understands the impact of paid parking, offers evening employee permit parking locations, and expands parking enforcement coverage, the operating hours should not be expanded.

Within the paid parking areas, the Town should maintain options for short-term time limited parking (30-min) and loading. In general, there should be at least one short-term space and one loading zone on every block face to accommodate quick visits, passenger loading, and commercial loading as described in Section 4.2.7. The recommended 500 foot rule with a no reparking ordinance is optimized for this approach because it requires less signage than a zone-based approach.

For reference, other nearby and similar agencies have already established paid parking operations:

**Table 9: Nearby Agencies with Paid Parking (On-Street Rate Models)**

Agency	Rate Model	Hourly Rates	Time Limits	On-Street Equipment	Off-Street Equipment
Capitola	Flat Hourly	\$1.00-\$1.50	3-hour 4-hour 12-hour	Single space meters	Pay stations
Monterey	Flat Hourly	\$0.50-\$1.50	90-min 2-hour	Single space meters	Pay stations and PARCS*
San Jose	Flat Hourly	\$2.00	1-hour 4-hour	Single space meters and pay stations	PARCS
Santa Cruz	Zone-Based / Tiered	\$0.75-\$1.25	3-hour	Single space meters	Pay stations and PARCS

\*PARCS stands for Parking Access Revenue Control Systems. This typically includes gate arms, entry/exit terminals, and pay-on-foot pay stations.

Based upon the hourly rates in nearby agencies, the recommended rate structure in Table 8 is a reasonable market rate. While other nearby agencies primarily utilize single space meters on-street, pay stations are recommended for Los Gatos, as described in Section 4.2.3.

Rather than piloting paid parking in a small area, it is recommended that the Town implement paid parking across all proposed locations at once to:

- streamline the outreach process,
- improve consistency,
- minimize high parking occupancy clusters, and
- provide the greatest level of flexibility with rate structures.

**Figure 5: Parking Lot 4**



While the Town could take an incremental approach by starting with only a portion of the Downtown, this would likely result in spillover parking to nearby free parking locations and could increase congestion from drivers searching for free parking opportunities as an alternative.

The broader implementation across the Downtown and Civic Center areas will still not prevent spillover parking into nearby residential neighborhoods, however the Town already has some Residential Permit Parking Districts and there is an opportunity to expand this type of permit parking restriction to other impacted locations as needed. See Section 5 for more information about residential parking.

#### 4.2.2. Parking Revenue

Revenue from paid parking can support a sustainable and effective parking operation, including the ability to fund the required management, enforcement, and staffing resources. A paid parking operation should be self-sustaining, and a successful program would allow the Town to invest in the development of parking and transportation resources that directly benefit the community. If the Town implements paid parking, monies should be reallocated according to predefined standards to ensure that there is enough set-aside to sustain the operation and ongoing maintenance needs.

As suggested in the 2020 General Plan, parking monies could be reinvested into an assessment district to help pay for maintenance, enforcement,

capital replacement, capacity increases, and parking alternatives or programs to maximize use of facilities for parking and alternatives to parking, such as shuttle buses, more employee lots, bicycles, bus passes (Policy TRA-14.2).

The Town should also identify a plan and budget for ongoing parking facility maintenance and upkeep of facilities. Parking facility maintenance including periodic restriping, resurfacing, sweeping, trash pick-up, and replacing burnt out lighting should be budgeted for and scheduled to ensure that parking assets are properly maintained. A benefit of implementing paid parking is that the Town may have additional revenue to support parking asset maintenance and upkeep needs that are currently underfunded.

### 4.2.3. Pay Stations

Multi-space parking meters (pay stations) are recommended for all parking lots and on-street paid parking areas within Los Gatos. Compared to single-space meters, pay stations have a number of advantages. Pay stations:

- minimize the amount of infrastructure required for ongoing maintenance and collections,
- improve the community aesthetic by minimizing the amount of street furniture,
- have larger screens which can promote additional customized information and features, and
- offer the ability for license plate-based enforcement.

Pay station vendors typically offer robust backend systems with reporting features with usage and maintenance data. Pay stations should wirelessly communicate usage, payment status, meter access and maintenance alert data in real-time and should be managed through a web-based meter maintenance system that provides robust monitoring and reporting features.

Pay stations normally support 7 to 12 on-street parking spaces. A typical off-street surface lot requires 1 to 4 pay stations, depending upon the configuration and number of access points. The Town should ensure that signage is easily visible throughout paid parking areas to ensure that drivers are aware to pay at the pay station.

For all pay stations, the Pay by Plate configuration is recommended. With Pay by Plate, the users must enter their license plate number into the machine to initiate a parking session. The license plate number becomes the payment identifier, rather than a space number or receipt. Pay by Plate is convenient to users because upon completion of payment, they are not required to return to their vehicle with a receipt. The Pay by Plate configuration is the most efficient configuration to enforce because the data can be integrated with the recommended mobile payment system described in Section 4.2.5 and the existing parking enforcement technology as described in Section 6.

Additionally, the Pay by Plate approach will allow the Town to implement the recommended Customer Value Pay-to Stay rate model, without the need for individual space sensors, because the length of stay can be tracked via license plate number. Without the ability to track length of stay, drivers would be able to continually feed the meter to maintain the free hourly rate intended for the initial two hours of a parking session.

It is also recommended that the Town primarily utilize credit-card only machines. California state law does require an element of physical cash, either coin or bills, but it is not required at each machine. Limiting the amount of cash payments will be beneficial in order to minimize maintenance and collections requirements. For example, the bill note acceptor (BNA) is typically the part that most frequently jams or breaks on a pay station. Encouraging credit card payments will also reduce the amount of coins that need to be collected and extend the amount of time between collections. It is also more secure to have pay stations that do not have physical monies stored inside because there is less opportunity for theft.

For the machines that do have cash, it is recommended that this be limited to quarters only so that machines do not have to be collected as frequently as if pennies, nickels, and dimes were allowed. One coin accepting machine per parking lot is recommended in addition to two coin accepting on-street pay stations in the Downtown and Civic Center areas. The Town should clearly communicate which pay stations accept coins so that visitors who prefer to pay with coin can locate them. The pay stations should be configured to allow payment at any machine for any parking space within that zone because everything will be tracked and verifiable by license plate.

The Town could consider single-space meters as an alternative, however these will decrease the efficiency of enforcement and take up more sidewalk space. Additionally, with more hardware on the street, there would be increased revenue collection and maintenance requirements.

#### **4.2.4. Maintenance and Coin Collection**

With the implementation of pay stations, it will be important to ensure that the pay stations are properly maintained and that revenue is consistently collected. Ongoing preventive maintenance will optimize equipment lifespan and maximize system uptime. Ongoing coin collections are needed in order to prevent pay stations from reaching capacity.

The Town should budget for staff that can assist with part-time maintenance, collections, and coin counting.. The recommended pay station configuration will minimize maintenance and collections needs, so it is anticipated that all duties can be handled by a part-time position or a full time position that also has parking enforcement responsibilities. However, for added security and safety it is recommended that coin collections be conducted in pairs.

Establishing a paid parking program will require many policies and procedures, including ensuring audit trails on cash collections, identifying staff roles and responsibilities, accounting for equipment maintenance, and many others.

#### **4.2.5. Mobile Payment**

In addition to pay stations, it is recommended that the Town offer a mobile payment option for additional user convenience. A mobile payment solution will allow drivers to pay for parking sessions using their cellphone. Users can also add extra time to their parking session remotely which is an added customer convenience. Similar to the Pay by Plate configuration recommended for pay stations, the mobile payments would also be tracked and verifiable by license plate number.

A mobile payment solution can be provided to the Town by a vendor at no cost upfront. Instead, the vendor is typically fully funded by the convenience fees charged to the users and transaction fees. Utilization of mobile payment typically falls between 3% and 10% in most agencies, and users pay a small transaction fee, usually between \$0.10 and \$0.35. Mobile payment vendors often also provide free decals and outreach materials in order to encourage utilization of the application.

Mobile payment users should be able to either call a number or create an account on a mobile application to pay. Users should also be able to complete one-time uses or establish accounts with the mobile payment provider that allow them to pay for parking and extend their stays without returning to their vehicles. Mobile payment users can also be provided with the option to be notified via text, email, or app prior to the expiration of their parking session.

Mobile payment vendors also typically offer robust merchant validation and incentive programs including resident discount programs and discount codes. Discount and validation programs are all tracked and verified by license plate number. Most vendors can create one-time or multi-use codes that can be applied through the mobile application to a parking session to receive free parking time. Many mobile payment vendors can also provide vendors the ability to validate parking for their customers within their store using a web application on a tablet or computer. The Town should also evaluate whether parking validation codes can be shared across vendor systems in order for users to choose whether they enter the code at the pay station or in the mobile application. Upon launching the paid parking program, the Town can establish a discounted rate for merchants for the first six months that allow merchants to purchase parking time in bulk with a 25% or 50% discount. This can encourage participation in the program which will provide visitors and customers with more opportunities to validate parking.

The Town should work with the vendor to determine a zone numbering system that can be expanded throughout the Town and to new paid parking zones as needed. Zone numbers should be assigned to each paid parking area for enforcement purposes so that active paid parking sessions can be tracked and verified appropriately. Different zone numbers are required because rate structures, operating hours, and policies can vary by location. Signage should be designed to clearly state the mobile payment zone number. Most mobile payment applications will also indicate the current zone for the user based upon the GPS location, however the zone number should be posted for verification purposes. As the program is expanded into new locations, new zone numbers can be added.

During the vendor selection process, it is important to thoroughly evaluate the mobile payment features and their capability to integrate with the selected pay station vendor. With the recommended Customer Value model, it is important that the payment systems communicate to ensure that drivers cannot receive two free hours at the pay station and another two free hours using the mobile application. Each license plate number should be eligible for up to two free hours of parking per day.

#### **4.2.6. Downtown Employee Parking Permit Program (Phase 2)**

The recommendation to implement paid parking for both on and off-street public parking will likely increase demand for the Downtown Employee Parking Permit Program. This is an opportunity for the Town to reshape parking dynamics and influence where employees are parking to encourage more convenient customer parking availability. Part of the implementation process of paid parking should be expanding employee permit parking supply to accommodate the additional demand.



During the second phase of the Downtown Employee Parking Permit Program, the Town should prioritize the most convenient parking supply for public parking and designate perimeter parking options for permit parking. A summary of permit parking program adjustments is provided below. These recommendations are based upon current parking conditions and assumptions about potential parking impacts, but should ultimately be reevaluated prior to implementation and on an ongoing basis. A total of at least 385 spaces is included in the second phase of the program.

- **Parking Lot 4 (Underground) – 152 spaces:** Continue to offer permit parking at this location.
- **North Side Lot – 123 spaces:** Continue to offer permit parking at this location.
- **Portion of Lots 1, 2, 3, 5 – Estimated 95 spaces:** Allocate a portion of parking in each of the four parking lots for permit parking.
- **Southside Parking Lot – 15 spaces:** Convert the Southside Parking Lot into permit parking.
- **Other locations as needed.**

It will be important for the Town to closely monitor permit parking occupancy to determine whether adjustments to permit parking supply are needed. The Town should also be aware of potential spillover parking impacts into nearby non-regulated areas. The permit parking program must be dynamic and adaptable to permit parking needs. Examples of potential permit parking program adjustments are described below:

- If one permit parking area is underutilized compared with the others, the rate structure should be adjusted to price the highest demand locations as more expensive and the lowest demand locations as less expensive.
- Implement additional permit parking locations if the demand for permit parking exceeds what is available, or eliminate permit parking locations if demand is low.
- Increase the oversell rate as needed to optimize permit parking supply utilization.

If additional parking supply is needed to accommodate Downtown employees, in order to prevent the displacement of customer and visitor parking, the Town should leverage residential area parking and/or private parking capacity as well.

The initial two phases of the Downtown Employee Parking Permit Program are based upon daytime operating hours since the recommended hours of operation for paid parking are 9:00 a.m.-6:00 p.m.. However, if paid parking is eventually expanded into the evening the Town must be prepared to provide an evening permit option to employees as well. It is important to ensure that evening parking locations are safe and accessible.

It is challenging to utilize the same daytime permit parking locations for evening permit parking because the start and end times of evening and daytime shifts could overlap, creating a period of peak demand roughly between 5:00-7:00 p.m.. Additionally, if daytime permit holders were to be required to move their vehicle by 6:00 p.m., this could impact employees working late or staying downtown after their shift. Ideally the daytime permit parking locations would become open for unrestricted public parking after-hours so that daytime permit holders can remain parked if needed. There can be some overlap in daytime and evening permit parking locations, but the Town

should closely monitor utilization to ensure that both sets of permit holders can find available parking.

#### **4.2.6.1. Private Parking Capacity**

There are private parking lots throughout the Town that are underutilized at certain points during the daytime and evening. There may be an opportunity for the Town to negotiate agreements with private lot owners to utilize excess parking capacity for employee permit parking. This could be particularly effective to accommodate an evening parking permit option if it becomes necessary. Refer to Section 4.4.4 for more information about shared parking.

#### **4.2.6.2. Residential Parking Capacity**

The Town should also consider allowing a certain number of employees to park on nearby residential streets during the daytime. The number of valid permits per residential street should be tightly controlled to avoid impacting residential parking availability. According to the 2019 data collection, residential streets surrounding the Downtown typically maintained an occupancy rate between 40-50%, indicating that there is likely excess parking supply that could be leveraged for employee permit parking if needed.

The Town should take an incremental and adaptable approach if implementing this strategy. To start, the Town should establish a separate employee permit parking zone for each residential block (or small group of blocks). This will allow the Town to control the number of employee permits that may be sold per location, and it will provide a granular level of flexibility that will allow the Town to adjust the quantities sold depending on occupancy rates. Certain residential streets may have higher parking occupancy rates compared to others based upon factors such as car ownership rates, whether residents have driveways, housing density, and the typical number of service workers and guests. The employee permit zones can be named using a simple lettering system such as A, B, C, etc.

The Town can utilize the same automated permit management system discussed in Section 4.1.4 to allow employees to apply and purchase permits for each zone. A separate cap on the number of permits allowed per zone should be configured within the permit management system to prevent overselling. Unlike with Downtown permits, the Town should not allow an oversell percentage in residential areas in order to prevent potential impacts to resident access. The Town's enforcement technology described in Section 6 can also be configured to automatically verify the permits by license plate number depending on the GPS location of each plate read and the corresponding zone boundaries. Permits should only be valid for up to one year at a time to allow the Town to make adjustments to the permit caps as needed over time. As a starting point, around four employee parking permits per block could be allocated.

Each employee permit parking zone in the residential areas can be designated using either decals or simple signage. Since employee permit parking rules will be communicated to permit holders at the time of purchase, there is no need to include excess information or instructions on signage.

There could be a low-cost way to modify existing signage within Residential Permit Parking Districts with decals. Decals could be color coordinated by zone with a corresponding letter in the center to display the zone letter. The top or bottom of the decal could simply state “Employee Permits Allowed”. An alternative is to hang smaller signs underneath existing signage, mounted to the same poles.

Residential areas should be used for employee permit parking during the daytime only between 9:00 a.m. to 6:00 p.m. for consistency with the Downtown Employee Parking Permit Program. Evening hours are not recommended in residential areas because there is typically higher residential parking demand in the evening once residents return home from work. Any expansion into the evening hours should be evaluated on a case by case basis based upon occupancy data in order to avoid impacting residential access.

The rate structure can also be consistent with the Downtown Employee Parking Permit Program. It is important to assign a value to parking permits in order to help sustain the ongoing management and enforcement costs.

#### 4.2.6.3. Carpool Permit

The Town should incentivize employees working in Los Gatos to carpool to work in order to reduce the overall parking demand and level of congestion. The Town should offer a reduced permit rate to carpools. In order to qualify, those within a proposed carpool should be required to submit proof of employment within Los Gatos and provide a license plate number for each vehicle that may be driven as part of the carpool via the permit management portal. The Town’s license plate recognition camera system, as described in Section 6, can be configured to notify the officer if more than one of the license plates is observed within permit parking areas on the same day. The Town should have a strict policy against abuse that will remove permit parking eligibility if caught utilizing the carpool permit rate on a day when not carpooling.

#### 4.2.7. Loading Zones

The Town uses a combination of signs and curb paint to identify parking and loading restrictions. There are five different curb colors to indicate parking restrictions as outlined in Table 10.

**Table 10: Loading Zones**

Loading Zone Color	Restriction
Red	No parking at any time.
Yellow	Commercial loading zone. Restricted to the offloading of commercial freight with a time restriction of 30 minutes.
Green	Time limited. A sign will be a sign posted indicating the duration, usually 30 minutes.
White	Passenger loading zone. Pick up and drop off passengers only. Time restriction of 10-minute.

Blue	Handicap parking. Will be accompanied by the blue and white disabled person sign. A properly displayed permit is required. These parking stalls are restricted 24 hours a day, 7 days a week.
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The Town should allow both commercial and passenger loading in all loading zones so long as the user is “actively” loading. Dual-purposing the loading zones will optimize the use of space. This will accommodate ridesharing vehicle use as well. Many communities have noticed congestion impacts from ridesharing vehicles stopping in the middle of travel lanes to do passenger pick-ups and drop-offs when there is not another convenient option.

Based upon the 2019 data collection, loading zone spaces did not reach 85% occupancy or above on average. The Town should consider the convenience and accessibility of loading zones for both commercial and passenger loading use. Ideally there should be at least two loading zones per block in core commercial areas.

It is important to provide sufficient loading zone capacity in congested core destinations. The main goal should be to provide adequate space for safe drop-offs and pick-ups in convenient locations that may actually be used. The Town should also work with ridesharing companies like Uber and Lyft to geo-fence the loading zones as passenger loading areas. This means that a geographic area is defined within the mobile application, and the application will direct users to the closest designated pick-up location. Drivers will be designated to the closest drop-off location. This can improve safety and traffic flow.

**Figure 6: Red Curb Violation**



### 4.3. Phase 3

#### 4.3.1. Commercial Loading Permit

In order to minimize the impact of commercial vehicles on congestion and access, it is recommended that the Town encourage commercial loading during designated hours per day. This will help reduce congestion during peak periods and free up loading zone space for passenger loading. To do so, it is recommended that the Town establish a commercial vehicle loading permit program with a tiered rate structure such as:

- **Low impact:** Reduced permit rate for commercial loading, valid before 10 a.m. only.
- **High impact:** Escalated permit rate for commercial loading, valid any time.

In order to implement a commercial loading zone permit program, the Town will need to consider the outreach and enforcement impacts.

The City of Seattle has a similar program that can be used a model. Seattle offers Annual Truck Permits for Commercial Vehicle Load Zones. Commercial vehicles are defined by Seattle Municipal Code Section 11.14.115 as follows:

For purposes of this Code, the term “commercial vehicle” means: (1) a “motor truck” or “truck” except a passenger car; or (2) a station wagon or van that has been permanently modified to carry no more than three (3) seated passengers. Such vehicles shall be properly licensed as a truck and shall have the name of the business to which the vehicle is registered permanently displayed on both the left and right sides in letters no less than two inches (2”) in height.<sup>1</sup>

### **4.3.2. Valet Parking**

Valet parking is an opportunity to maximize the capacity of parking resources while providing a convenient parking option that minimizes congestion.

The Town currently funds and coordinates a free holiday valet program in the Downtown core. The program operates from Thanksgiving to Christmas between 9:00 a.m. and 9:00 p.m. and is located at Lot 4 between Grays Lane and Elm Street. The valet parking program operates as a blended stack valet format in which the operator becomes familiar with employees and adjusts how far back in the stack each car is parked based on shift times.

The Town could expand the valet program to a year-round service depending on the level of parking demand observed over time. This is an opportunity to temporarily increase capacity and understand the impact before considering a major investment in a parking garage that may become obsolete or underutilized over time. Additionally, the Town could work with automated valet parking technologies that allow users to request their vehicle or schedule a pick-up via a mobile or kiosk application.

### **4.3.3. Remote Parking**

Depending on the level of parking demand over time, the Town may also choose to consider remote parking opportunities. For example, there are a number of private parking lots surrounding businesses along University Avenue north of Blossom Hill Road that may be underutilized at certain points during the day. These could be shared parking opportunities depending on availability. It is recommended that remote parking be priced at a reduced rate in order to encourage utilization. Remote parking locations are typically optimized for employee permit parking use because it is simpler to communicate the program to employees compared to visitors and customers. Encouraging employees to park in perimeter and remote locations can also improve parking availability in the downtown core for customer parking.

Any remote parking location(s) should be supported by a circulating shuttle route. The Town should evaluate the cost of a shuttle program compared to the anticipated level of demand to determine whether a shuttle program is a cost effective option. In order to minimize the cost of the shuttle program, the Town should consider operating at higher frequencies during peak periods with longer headways during non-peak periods. The Town should also consider offering an on-demand service option to fill in shuttle service gaps as a way to save money on the program. Some agencies collaborate with ridesharing companies to provide free rides to employees to access remote parking lots during hours when a shuttle is not running.

#### **4.3.4. Parking Garage**

As discussed in Section 3.6, the Town Council reviewed potential parking garage construction projects with a preliminary design goal of at least 300 parking spaces. Several design options were explored with total project costs of approximately \$25M and Town associated costs in the \$14M to \$17M range, depending on design.

Contrary to common perception, building a parking garage will not alone solve the parking challenges in Los Gatos. Before making a significant long-term financial investment in a parking garage, it is strongly recommended that Town optimize the efficiency and improve the management of existing parking supply first. If a parking garage is constructed without the other behavioral shifts and management tactics recommended in this report, a number of challenges may remain:

- Parking demand could continue to cluster in certain areas, maintaining the perception of low parking availability;
- Employees may continue to park in convenient on-street spaces; and
- Roadway congestion could increase from increased parking capacity.

If after implementing the recommended operational and policy adjustments the Town continues to see consistently high occupancy rates throughout the Downtown and/or Civic Center areas, the Town could benefit from constructing additional parking supply. However, the Town should be cognizant of the size and scale of any parking structure to ensure that it fits the character of the Town and does not significantly impact roadway congestion from vehicle ingress/egress.

### **4.4. Ongoing**

#### **4.4.1. Data Analysis**

The parking industry standard for the target occupancy rate is 85 percent. At this rate, there are enough vacant parking spaces to: 1) minimize congestion from drivers searching for spaces; and 2) reduce oversupply, which is an inefficient and costly use of valuable land. Parking management and policy decisions should be made with the 85 percent occupancy target in mind.

Data collection is a helpful tool to make data-driven decisions and address inconsistencies between perception and reality. While there is often a perception in Los Gatos that there is

nowhere to park, the 2019 data collection identified that parking was typically available surrounding the highest demand locations within one or two blocks.

There are a number of ways that the Town should collect parking data, as outlined in Table 11. Recommendations for occupancy counting technology are in Section 7.1.2.

**Table 11: Parking Data Collection Methods**

Method	Description	Recommendations
<b>Physical Counts</b>	Physical counts are the simplest approach to collecting data by hiring a data collection contractor or assigning internal staff to walk or drive the study area at various points of a day to record the number of vehicles per block and parking facility.	<ul style="list-style-type: none"> <li>Utilize physical counts in order to sample data and validate the results of other automated parking occupancy counting technologies.</li> <li>Certain systems such as loop counters will need to be reset at a certain point each day or week in order to prevent compounding minor inaccuracies over time. Physical counts can be used to help reset these systems to a realistic level.</li> </ul>
<b>License Plate Recognition Cameras</b>	The same License Plate Recognition cameras utilized for enforcement, as described in Section 6, can also be utilized as a data collection tool. Each license plate read is recorded along with a GPS location and time/date stamp.	<ul style="list-style-type: none"> <li>By assigning staff to drive specific routes at specific times of the day, data can be downloaded for those timeframes and exported to Excel for analysis using the vendor backend management system.</li> </ul>
<b>Loop Sensors</b>	Loop sensors can be in-ground or above ground systems that detect vehicle movement and direction in order to collect facility-wide occupancy counts.	<ul style="list-style-type: none"> <li>Utilize loop sensors in all parking lots to collect facility-wide counts.</li> <li>In facilities with partitioned areas for different types of parking (i.e. public vs. permit) additional loop sensors can be used to divide occupancy counts by zone within the facility.</li> </ul>
<b>Predictive Analytics</b>	With access to pay station payment data, occupancy rates can be predicted. Payment data isn't accurate on its own because of variable compliance rates and because ADA placard holders are not required to pay for parking.	<ul style="list-style-type: none"> <li>Utilize parking payment data to predict parking occupancy in on-street locations. The Town should collect manual physical occupancy counts in comparison to the parking meter payment data to identify trends and correlations in results. This information can be utilized to predict occupancy and utilization over time.</li> <li>Some companies specialize in predictive analytics to utilize various data sources</li> </ul>

		including the payment data to estimate occupancy trends. The Town could work with a company or data analyst to extract realistic occupancy trends from the data.
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The Town should make data-driven decisions about rate and policy adjustments over time with the goal of maintaining an 85 percent occupancy rate. A summary of potential findings and adjustments is provided below in Table 12.

**Table 12. Example Data-Driven Decisions**

Data Finding	Potential Adjustments
Public parking occupancy is consistently near or above 85%	<ul style="list-style-type: none"> <li>• Increase the hourly rate and/or daily maximum</li> <li>• Decrease the time limit</li> </ul>
Public parking occupancy is consistently well below 85%	<ul style="list-style-type: none"> <li>• Decrease the hourly rate and/or daily maximum</li> <li>• Increase the time limit</li> </ul>
Public parking occupancy has a distinct peak period	<ul style="list-style-type: none"> <li>• Increase the hourly rate during the peak period only</li> </ul>
Public parking occupancy reaches near or above 85% outside of paid parking hours of operation	<ul style="list-style-type: none"> <li>• Expand paid parking hours of operation</li> </ul>
Public parking occupancy is well below 85% at the beginning or end of the paid parking hours of operation	<ul style="list-style-type: none"> <li>• Reduce paid parking hours of operation</li> </ul>
Permit parking occupancy is consistently near or above 85%	<ul style="list-style-type: none"> <li>• Increase permit parking supply</li> <li>• Increase permit cost</li> <li>• Decrease oversell percentage</li> </ul>
Permit parking occupancy is consistently well below 85%	<ul style="list-style-type: none"> <li>• Decrease permit parking supply</li> <li>• Decrease permit cost</li> <li>• Increase the oversell percentage</li> </ul>
Permit parking occupancy has a distinct peak period	<ul style="list-style-type: none"> <li>• Allow public parking in permit parking areas during non-peak periods</li> </ul>

#### 4.4.2. Parking Space Conversions

A parklet is the conversion of a parking space into public space such as outdoor seating and leisure activities. Business and commercial property owners located in Downtown can apply to construct and operate a long-term parklet through the Town's recently adopted Parklet Pilot Program. This program is a public/private partnership that promotes outdoor dining and active community spaces. Currently there are six applications affecting twelve parking spaces along Santa Cruz Avenue and Main Street.



While parklets do impact public parking supply, they can be valuable in other ways through placemaking and changing the dynamic of the Downtown. As the community weighs these priorities, the parking program should be designed to adapt over time.

The Town is also in the process of evaluating opportunities for sidewalk expansions along Main Street and North Santa Cruz Avenue. This includes a total of 66 public parking spaces that could be impacted that would need to be accommodated elsewhere.

It is important to carefully assess the impact that these types of adjustments can have on parking supply and accessibility to nearby businesses in order to develop a solution that best fits the community. Based upon peak 12:00 p.m. occupancy rates during the 2019 data collection, the Town could accommodate the average number of displaced vehicles in surrounding locations within a two block radius.

Each nearby location was evaluated based upon the average occupancy at 12:00 p.m. on weekdays because this was typically the time with the highest demand. The number of additional vehicles that could be accommodated by each surrounding location was determined based upon the total number of vehicles that could be parked without exceeding the 85 percent occupancy target. As discussed in Section 4.4.1, 85 percent is the industry standard target occupancy rate. Any locations that already had an average occupancy of 85 percent or above were not included as designated locations for extra vehicles for the purposes of this model. In reality, there could be locations that exceed 85 percent occupancy following a sidewalk expansion project, but overall there is typically enough capacity within a 2 block radius to reasonably accommodate the displaced vehicles.

The locations that could accommodate the bulk of the displaced parking demand without exceeding 85 percent occupancy at 12:00 p.m. on average are:

- Top level of Lot 4 (26 vehicles),
- Lot 1 (13 vehicles),
- University Avenue between Royce and Bachman Avenue (8 vehicles), and
- Bachman Avenue between Santa Cruz Avenue and University Avenue (5 vehicles).

The Town should utilize digital wayfinding and parking guidance signage, as described in Section 7, to encourage drivers to park in off-street locations like Lot 4 and Lot 1 that may usually have additional capacity. Real-time occupancy counts can assist drivers in finding available parking options.

While two blocks is a reasonable walking distance for most people, the Town should consider ADA accessibility, short-term, and loading zone needs in core locations. Additionally, it is important to provide space for loading along University Avenue and Santa Cruz Avenue to allow for commercial and passenger loading. Otherwise, drop-offs and pick-ups could be attempted in the travel lanes which would create more traffic congestion. The Town should consider a blended approach where sidewalks are expanded throughout the area, while still leaving space for convenient ADA parking and loading zones.

#### **4.4.3. Shared Parking**

Sharing parking is more cost effective than building additional supply, and it reduces instances of wasted land space that could otherwise be optimized for higher and better uses.

The Town currently has limited shared parking agreements. However, there are still a significant number of private parking spaces that are unused at any given time in the Town. The Town should actively pursue additional shared parking agreements with businesses and landowners that may have underutilized parking capacity. It is important to maximize existing parking resources in the area around downtown and consider all potential solutions.

There are 15 private parking lots with a total of 480 spaces located near the Civic Center and Downtown areas. On average, the private parking lots reached a maximum occupancy of 71% on Fridays at noon, and there was typically excess capacity throughout the day. See Appendix C for an overview of all data collection findings.

Shared parking agreements should be designed to safeguard the property owner while providing an opportunity for additional revenue through a negotiated revenue share between the Town and the property owner. For example, if the shared parking location is utilized for permit parking, there should be a negotiated parking permit revenue share. Additionally, if the Town implements paid parking then shared parking opportunities will then have the potential for revenue generation through paid public parking.

A portion of the revenue from shared parking should be set aside for the Town to support the enforcement, maintenance and upkeep of shared parking locations. Additionally, funds could be used to guarantee certain parking lot enhancements as an additional value add from the shared parking program. The Town would install the necessary meters or pay stations, help establish the appropriate parking rates, designate any necessary time limits, and provide enforcement and basic maintenance.

At a minimum, a shared parking agreement typically considers the following:

- **Term and extension:** Evaluates the return on investment and ensures that the contract terms allow for potential redevelopment in the future if needed;
- **Use of Facilities:** Establishes available hours, number of spaces, time limitations and ensures that the base user will retain use at the end of the sharing period;
- **Maintenance:** Evaluates and incorporates the added maintenance and operation costs;
- **Lease costs:** Cost of the lease and any negotiated revenue shares;
- **Operations:** Considers revenue collection operations as applicable and needed signage;
- **Utilities and Taxes:** Determines the responsible parties and any cost sharing agreements;
- **Signage:** Considers opportunities for consistency with signage and branding;
- **Enforcement and Security:** Determines who will handle enforcement and towing;
- **Insurance and Indemnification:** Considers litigation with any cost sharing; and
- **Termination:** Identifies the grounds for termination or cancellation.



## 4.5. Cost and Impact

**Table 13: Parking Demand Management Estimated Cost and Impact Levels**

Section	Description	Cost	Impact
4.1.1	“Park Once”	Low	Low
4.1.2	No Reparking	Medium	High
4.1.3	Downtown Employee Parking Permit Program (Phase 1)	Medium	High
4.1.4	Permit Management	Low	High
4.1.5	Short-Term Parking	Low	Low
4.1.6	Electric Vehicle Charging	Low	Low
4.1.7	Parking Program Management	Medium	High
<i>The following strategies are interdependent and should be jointly implemented:</i>			
4.2.1	Pay-to-Stay Model	Low	High
4.2.2	Parking Revenue	Low	Medium
4.2.3	Pay Stations	High	High
4.2.4	Maintenance and Coin Collection	Low	Medium
4.2.5	Mobile Payment	Low	High
4.2.6	Downtown Employee Parking Permit Program (Phase 2)	Low	High
4.2.7	Loading Zones	Low	Low
4.3.1	Commercial Loading Permit	Low	Low
4.3.2	Valet Parking	High	Low
4.3.3	Remote Parking	High	Low
4.3.4	Parking Garage	High	High
4.4.1	Data Analysis	Low	High
4.4.2	Parking Space Conversions	High	Medium
4.4.3	Shared Parking	Low	Medium

## 4.6. Implementation Guide

**Table 14: Parking Demand Management Implementation Guide**

Phase 1
<ol style="list-style-type: none"> <li>1. Create a Parking Manager or Parking Coordinator position. <span style="color: green;">\$</span> <ol style="list-style-type: none"> <li>a. Budget for the position.</li> <li>b. Develop a job description and consolidate parking management duties.</li> </ol> </li> <li>2. Update parking municipal codes to establish a no reparking rule. <span style="color: red;">TC</span> <ol style="list-style-type: none"> <li>a. Design and order signage and outreach materials. <span style="color: green;">\$</span></li> <li>b. Install signage at key locations throughout the Town.</li> </ol> </li> <li>3. Update parking municipal codes to allow for digital permits. <span style="color: red;">TC</span></li> <li>4. Develop an education and outreach campaign to support a “Park Once” approach.           <ol style="list-style-type: none"> <li>a. Include information about the no reparking rule and where to park long-term.</li> <li>b. Launch a Downtown Employee Parking Permit Program wait list with incentives to enroll early.</li> </ol> </li> <li>5. Transition to the use of digital license plate-based permits using the Town’s existing automated permit management system.</li> <li>6. Establish a Downtown Employee Parking Permit Program. <span style="color: red;">TC</span> <span style="color: green;">\$</span> <ol style="list-style-type: none"> <li>a. Define program eligibility requirements, policies, and rates.</li> <li>b. Establish an oversell rate and a cap on the number of permits sold for each location to optimize parking lot utilization.</li> <li>c. Design and order signage.</li> <li>d. Configure within the Town’s existing automated permit management system.</li> <li>e. Review permit applications and supporting documentation to approve permits.</li> <li>f. Provide permits to those on the wait list first.</li> <li>g. Install signage at Parking Lot 4 (underground) and the North Side Lot.</li> <li>h. Ongoing education and outreach to employees to encourage participation.</li> </ol> </li> <li>7. Create additional short-term parking spaces nearby businesses.</li> <li>8. Establish an Electric Vehicle Infrastructure Permit (EVIP) Program. <span style="color: red;">TC</span></li> </ol>
Phase 2
<ol style="list-style-type: none"> <li>1. Update parking municipal codes to allow for the introduction of paid parking. <span style="color: red;">TC</span> <ol style="list-style-type: none"> <li>a. Define paid parking zones that include the Downtown and Civic Center areas.</li> <li>b. Ensure that different rates can be applied for different zones and for on- and off-street parking.</li> <li>c. Include an 85% occupancy target and framework for making data-driven adjustments to rates and operating hours.</li> <li>d. Allow for paid parking equipment that is license plate-based and include the ability to pay via mobile device.</li> <li>e. Remove two and three-hour time limits, effective once the Pay-to-Stay model is introduced.</li> </ol> </li> <li>2. Update parking municipal codes to optimize loading zones. <span style="color: red;">TC</span></li> </ol>

- a. Require “active” loading.
  - b. Allow for both passenger and commercial loading uses.
3. Paid parking and permit revenue allocations should be defined within the Town’s municipal code in preparation for the implementation of paid parking. **TC**
4. Procure pay station technology by evaluating pay station equipment options and either releasing an Request for Proposal (RFP) or piggybacking off a recent solicitation. **\$**
5. Evaluate mobile payment vendor options and select a vendor. **\$**
  - a. Establish a zone numbering system and work with the vendor on outreach materials.
  - b. Consider merchant validation program options.
6. Identify staff to support paid parking equipment maintenance and collections.
7. Design and order paid parking signage. **\$**
8. Establish an initial Customer Value Pay-to-Stay rate model and initial operating hours.
9. Extensive education and outreach campaign about upcoming paid parking model.
  - a. Include information, instructions, technology workshops, and demonstrations.
  - b. Provide merchants with information about a merchant validation options.
  - c. Encourage participation in permit parking programs.
10. Expand the Downtown Employee Parking Permit Program. **\$ TC**
  - a. Leverage private parking and residential parking capacity if needed.
  - b. Include a carpool permit option.
11. Install pay stations.
  - a. Pay stations should be configured for Pay by Plate.
  - b. Only one machine per parking lot should accept coins (quarters only) and all other machines should be credit card only.
  - c. A small number of on-street machines in each zone should accept quarters.
12. Plan for parking technology system integration testing and troubleshooting with the selected vendors.
13. Remove time limit signage and replace with paid parking signage.
  - a. Signage should clearly indicate paid parking zones, pay station locations, and mobile payment option.
  - b. Add signage to short-term and loading zone spaces that indicate the no reparking rule.
14. Begin the paid parking operation.

### Phase 3

15. Establish a Commercial Loading Permit Program with low and high impact rates. **TC**
16. Expand the valet parking program if additional capacity is needed. **\$**
17. Consider remote parking opportunities that could be supported by a circulating shuttle route. **\$**
18. Consider developing a parking garage if parking demand exceeds capacity. **\$**

### Ongoing

- Parking data collection and analysis through a combination of methods including physical counts, LPR cameras, loop-based sensors, and predictive analytics. \$
- Adjust parking rates and policies as needed using data-driven decisions.
- Incrementally convert parking spaces into Parklets and expanded sidewalks. \$
- Actively pursue shared parking agreements to increase public and/or permit parking capacity.
- Ongoing maintenance, secure revenue collections, and reconciliation. \$
  - The Town should ensure sufficient staffing is in place to handle revenue collections.
  - The pay station backend system can report on coin capacity in real-time.
  - Trend analysis over time can refine the collections schedule for efficiency.
  - The use of credit card and mobile payments should be promoted and prioritized to reduce the amount of revenue collections required.

## 5. Residential Area Parking

Downtown Los Gatos is surrounded by residential neighborhoods, and the Los Gatos High School (High School) is nearby within the Civic Center area. It is important to mitigate spillover parking impacts to safeguard residential areas so that residents and their guests can access their homes. Spillover parking occurs when vehicles are parked outside of a designated area or location for the purpose of avoiding parking policies like time limits, rates, or permit parking restrictions.

The existing time limits and proposed paid parking program may result in spillover parking in instances where employees, customers, and high school students are searching for unregulated parking options. This section includes recommendations for addressing residential area parking in both the Downtown and Civic Center areas.

The Town currently issues Residential Parking Permits for four parking districts as shown in Table 15. The permit parking hours vary between districts.

**Table 15: Residential Permit Parking Districts**

Parking District	Streets	Operating Hours
<b>Almond Grove</b>	Streets include a section of West Main Street ending at Bay View, Wilder Avenue, sections of Nicholson, Tait, Bachman and Almendra Avenue	6 p.m.-9 a.m. daily and all day Sunday
<b>Broadway</b>	Broadway Avenue	9 a.m.-6 p.m. Monday-Friday
<b>Edelen/University</b>	Streets include University Avenue from Mullen to Bachman Avenue, Mullen, Bentley, Miles and Edelen Avenue	6 p.m.-9 a.m. daily, 100 block Edelen valid 24 hours daily
<b>Villa/East Main Street</b>	Streets include a section of Bella Vista Avenue, Jackson Street, Villa, Johnson Avenue, Alpine, Whitney, and designated spaces in front of 258 East Main Street	7 a.m.-4 p.m. daily, all day Sunday

### 5.1. Phase 1

#### 5.1.1. Digital Permits

The Town’s residential parking permits are currently managed by a Community Outreach Coordinator in the Police Department, and the Town has been using the Turbo Data Systems automated permit management system for the program since 2017. Residential parking permits are physical permits that must be placed on the lower left corner of the rear window.



It is recommended that the Town transition to a fully digital system where all permits, including guest permits, are managed by license plate through an automated permit management system. Instead of tracking permits by permit number, the license plate number would be used as the permit identifier. In order to change vehicles or sign up for a guest permit, everything can be managed online by the residents themselves. The Town’s existing permit management vendor can accommodate digital permits and they can be efficiently enforced using license plate recognition cameras, as described in Section 6. The same permit management system should be utilized for all Town permits including the recommended Downtown employee and High School student permits as described in Sections 4.1.3 and 5.1.4.

### 5.1.2. Rate Model

The current program in Los Gatos allows residents to register up to four vehicles per address for \$42 per year per vehicle and are nontransferable. If a vehicle is replaced, the permit on the vehicle that is sold becomes void. Permit holders are required to return the invalid permit, and a new permit can be issued for the replacement vehicle for \$18. For lost permits a \$37 replacement fee is charged and damaged permits accrue a \$18 replacement fee. If a resident moves to another parking district they must re-apply and purchase a new permit for \$42. The replacement and fee will no longer be necessary once the Town transitions to a digital plate-based system.

Other nearby agencies also offer residential permit parking programs. Below, Table 16 provides an outline of programs in other agencies for reference.

**Table 16: Nearby Agencies with Residential Parking Permit Programs**

Agency	Residential Parking Permit Program Summary
Campbell	Residential Permits cost \$30 each. They allow up to three primary vehicles and up to two guest passes.
Palo Alto	Residents are eligible for one permit free of charge and up to three additional for \$50 each. Residents may also purchase up to two transferable visitor hangtags for \$50 each and up to 50 daily visitor permits for \$5 each.
Santa Barbara	Within permitted areas, residents can purchase up to 3 annual permits and 1 visitor permit for \$30 each.
Santa Cruz	Residents living on these restricted streets can purchase three annual residential permits (\$30 Each), two annual guest permits (\$30 Each), and up to 30 daily permits (\$3 Each) per household.
San Jose	Each neighborhood has different regulations for number of permits, ranging from restricting to only 1 residential permit, to 1 residential permit and up to 2 guest passes, or 2 residential stickers. Each permit is \$35 regardless of neighborhood.

Based upon the residential permit parking programs in nearby agencies, the Town of Los Gatos charges a reasonable rate for permit. However, in order to disincentivize excess car ownership and improve cost sustainability, the Town should establish a tiered rate structure where the price

escalates for each additional vehicle. In order to take a balanced approach, it is recommended that the Town decrease the cost of the first vehicle and increase the cost of the additional vehicles as shown in Table 17.

**Table 17: Recommended Residential Permit Price Structure**

Vehicle	Annual Cost
1 <sup>st</sup>	\$20
2 <sup>nd</sup>	\$80
3 <sup>rd</sup>	\$100
4 <sup>th</sup>	\$120

Parking occupancy data was collected for residential streets surrounding the Downtown. On average, there were no residential streets near Downtown that reached the 85% occupancy threshold. Average daily occupancies typically reached between 30-50% for most streets. Based upon these findings, the Residential Permit Parking Districts appear to be successful at addressing spillover parking impacts during the daytime. Additionally, this means that the existing cap of four vehicles per address at this time is sufficient. If Residential Permit Parking District occupancy rates increase over time, the Town should reevaluate the permit cap and consider reducing it to three vehicles per address.

The Town should also adjust guest permit policies and pricing. Currently, residents are entitled to two complimentary guest passes per residence with the initial purchase of the primary permit. It is recommended that the Town charge a nominal rate to help support the enforcement and management costs associated with the program. The current policy of providing complimentary guest permits also opens up the program for abuse. The Town should also only offer guest permits on a short-term basis. This means that guests should have the option of purchasing a short-term permit for between one and thirty days at a time. This can minimize opportunity for program abuse and will help ensure that guest permits are only utilized by guests rather than residents themselves. Anything beyond thirty days should be treated as a resident and therefore be subject to the same requirements and rate structure as other residents. It is recommended that guest permits be priced at \$2 per day.

### 5.1.3. Petitioning Process

It is an industry best practice to offer residents the ability to apply for a permit parking program through a petitioning process. This is because while it is important to safeguard residents from spillover parking impacts, a permit parking program can also be a burden for residents based on the program policies, costs, and management of guest permits. A petitioning process ensures that the majority of residents in the proposed area are in favor of the permit program.

The Town has had a petitioning process for residents in the past, but discontinued the program for further evaluation and consideration. A primary concern that contributed to this decision was fear of exacerbating spillover parking impacts, particularly in the Downtown area. For example, many stakeholders shared that high school students park on residential streets surrounding the

High School due to constrained onsite parking capacity and traffic congestion. If additional permit parking restrictions are introduced, there is concern that additional students will park in the Downtown, which is within a reasonable walking distance.

Based upon stakeholder feedback and site assessment observations there are residential streets, particularly around the High School, that are impacted during the daytime. This includes streets such as Pleasant Street that do not have permit parking restrictions, and streets like Bella Vista Avenue or Jackson Street that have 90-minute time limits and permit parking exemptions. Streets surrounding the High School that do not have permit parking restrictions were observed to be heavily impacted during the school day, however those streets with permit parking restrictions were also impacted. Stakeholders reported that High School students still utilize the time limit parking in residential areas and repark throughout the day.

The recommended adjustments to Downtown and Civic Center policies are designed to prevent High School student spillover parking. Initially, the no reparking ordinance recommended in Section 4.1.2, will discourage students from parking in time limit parking areas and reparking their cars during lunchtime. This approach requires consistent enforcement, which will be improved through the use of license plate recognition cameras, as described in Section 6. The recommendation to ultimately move to a paid parking Pay-to-Stay model in the Downtown and Civic Center areas will further address high school student spillover parking. Since the High School student permits cost \$35 per year, the proposed \$18 daily rate for on-street parking will disincentivize students from parking on-street. More information on how to address High School student parking is in Section 5.1.4.

Based upon site observations, stakeholder input, industry best practices, and recommended parking policy adjustments, it is recommended that the Town reinstate a petitioning process that is combined with structured policies and guidelines. For locations that are contiguous to an existing Residential Permit Parking District, it is recommended that the Town require at least 50% of residents to sign a petition to expand the Residential Permit Parking District. Contiguous areas are easier to manage from an enforcement and signage standpoint, and they are likely to have similar impacts due to proximity. For any locations that are not bordered by an existing Residential Permit Parking District, there should be stricter requirements for the petitioning process. In these cases, it is recommended that 70% of residents in a proposed area, not smaller than one block, should be required to sign a petition.

Once a valid petition has been received, Town staff should evaluate whether the proposed area is heavily occupied during the daytime (at or above 80%) and whether there is a likely external contributor to the on-street occupancy rate other than other residents. For example, if multi-family housing units are developed in a residential area and parking becomes constrained from the increase in residents, this should not alone justify the introduction of residential permit parking rules. However, if spillover parking is likely occurring from the High School or another external source this would be adequate justification.

As along Johnson Avenue, Stacia Street, and Whitney Avenue, for example, it is recommended that any Residential Permit Parking Districts include time limit parking for non-permit holders. This

will allow for most residential guests, visitors, contractors, yard workers, and other service workers to continue to park on residential streets without requiring a guest permit. The Town-wide no reparking rule would mitigate abuse of these time limits. This makes a residential permit parking program less restrictive and easier for residents to manage.

Currently residential permit parking has variable enforcement times. This can create inefficiencies in managing the program and confusion among users that may experience different times in different neighborhoods. The program should align the times on all streets.

#### **5.1.4. High School Permit Program**

In conjunction with the no reparking rule and updated Residential Permit Parking District policies, the Town should also ensure that High School student parking is addressed. High School enrollment has expanded over the years with around 2,160 students currently enrolled. Enrollment is expected to continue to expand based upon the defined district boundaries and the public school must accommodate all incoming students. There are approximately 250 existing parking spaces onsite for students, and since there are almost 550 seniors enrolled this year, staff limits parking permit eligibility to seniors only, with any exceptions determined on a case by case basis. Last year the school gave out a total of 275 parking permits at a cost of \$35 per calendar year. The school also has approximately 150 staff members that park onsite.

The High School shared information on their parking challenges in a focused meeting. In general, the High School feels constrained in their ability to self-address the parking challenge and looks to the Town for solutions on parking and traffic at and around the High School. There is very limited capacity on the High School campus for additional parking and the school has communicated that they are not looking to add parking. Ongoing construction has added to both short term and permanent reductions in onsite parking. Additionally, the school is planning to improve and restripe the existing parking lot, which will result in a further slight reduction in parking spaces. Some stakeholders have proposed that the school consider constructing a multi-level parking garage onsite, however the configuration of the campus poses a significant traffic congestion issue. During peak ingress and egress periods before and after school, the roadways and existing parking lot experience gridlock and congestion. In some cases it can reportedly take up to 45 minutes to exit the lot at the end of the day. Staff suspect that some students that are permit holders choose not to park onsite simply to avoid the congestion. Onsite observations revealed that many students run to their vehicles at the end of the school day in hopes of exiting the parking lot before it becomes congested with a long line of cars. Increasing capacity onsite would not address the roadway capacity limitations and would ultimately not solve the problem without a major roadway reconfiguration project to access the campus.

A result of limited parking capacity is spillover parking. Students are not allowed to leave campus without permission except during lunchtime, but staff reported often seeing students leave to repark their vehicles between classes when they park in nearby 90-minute parking areas. Nearby residents have also reported impacts from student parking during the daytime. It is unclear how many students park in the Downtown now, but spillover to the Downtown is possible due to its

close proximity. For this reason, changes to High School area parking should be coordinated with changes to time limits in the Downtown.

As the Town begins to consider expansions and additions to existing Residential Permit Parking Districts, as described in Section 5.1.3, it is also important to address High School student parking. A balanced approach is recommended in order to evenly distribute student parking impacts throughout surrounding areas rather than consolidating student parking to one or two new locations. This will mitigate parking congestion before and after school is in session and ensure that certain areas are not disproportionately burdened with student parking impacts.

There is an opportunity to leverage nearby streets surrounding the High School with a tightly controlled High School Parking Permit Program. The Town can utilize its automated permit management system to establish High School permit parking zones with a limited capacity of permits per zone. The Town should allow a minimal number of students to park within Residential Permit Parking Districts surrounding the High School. All permits can be tracked and verified by license plate number which prevents program abuse with consistent enforcement. Additionally, since each license plate number would be tied to a High School student account, if there are instances where students are parking illegally or observed by Town staff engaging in inappropriate behavior in Residential Permit Parking Districts, their permit eligibility can be revoked.

The Town should establish a High School permit rate that is higher than the on campus rate in order to encourage students to park within the High School lot if possible. A reasonable starting rate could be \$40-50 per year.

Once the Town implements and enforces the no reparking rule and establishes the High School permit program, it will become clearer whether additional parking capacity is needed for High School students. Until consistent enforcement is applied, the true demand and impact of High School student parking is challenging to measure. Section 5.2.1 discusses potential options for expanding student parking capacity elsewhere within the Town.

### **5.1.5. Student Permit Eligibility**

The Town should encourage the High School to limit student permit eligibility based upon proximity to school. Additionally, if the Town allows students to purchase a High School permit for off campus parking, proof of residency should be required as part of the application process.

Ideally, students that live within a reasonable distance and safe walking route from school should not be eligible for a parking permit, and any exceptions should be determined on a case by case basis. The Town should partner with the Los Gatos – Monte Sereno Safe Routes to School (SR2S) to define permit eligibility boundaries.

Based upon findings from the SR2S evaluation, the Town could eventually work to improve safety and walkability of routes in order to further encourage walking and biking and improve access.

## **5.2. Phase 2**

### **5.2.1. Additional Student Parking Areas**

If additional student parking capacity is needed after implementing the Phase 1 recommendations, the Town should establish additional High School permit parking locations in perimeter locations such as the following:

- Any newly defined Residential Permit Parking Districts;
- On-street parking along Miles Avenue between Edelen Avenue and the Maintenance Service Office;
- On-street parking along High School Court between Main Street and the High School;
- Portion of spaces within the Southside Parking Lot; and
- Private parking lots via shared parking agreements.

Any new locations added should be set up as individual zones with the Town’s permit management system in order to tightly control how many permits can be purchased for each location.

### **5.2.2. Commute Gamification**

The High School could consider utilizing an online web and/or mobile application service to “gamify” student commutes to campus. Students could log their daily mode of transportation and earn extra points for walking, biking, and riding public transit. Some platforms offer leaderboards where students can see how their commute patterns rank against their classmates. Prizes and incentives can be incorporated into the system such as monthly giveaways for students that take alternative modes of transportation at least five times per month. The school could increase permit parking rates to fund the gamification program and prizes.

### **5.2.3. Special Events**

The Town offers a special event parking permit for residential parking areas that can be obtained by calling the Community Outreach Coordinator or in-person at the Police Department. These permits are only available for resident permit holders or their guests, and only valid in residential permit districts. Special event permits can be purchased for \$10 for the first permit and \$2 for each additional permit and are only valid for the date and district they are registered to. There is no limit on the number of vehicles per event and there is no requirement for advanced notice.

It is recommended that the Town manage special events permits through the same automated permit management system used for other parking permits. The Town should have an online form for residents to fill out that indicate special event details and information for approval. The Town should require advanced notice of at least 72 hours in order to allow for parking enforcement coverage adjustments as needed. This will improve the Town’s ability to enforce and manage space reservation impacts.

## **5.3. Phase 3**

### 5.3.1. Car Sharing

In the long-term, the Town should evaluate car sharing providers and develop a program that will incentivize residents to rely upon car sharing platforms to reduce the rate of car ownership. Car sharing programs can help reduce car ownership and parking demand in the Town by providing residents with access to a vehicle on an as-needed basis for instances when a vehicle may be required. This can reduce the need for households to own one or multiple vehicles by providing the peace of mind that a car is available nearby. Car sharing can be more cost-affordable than owning a car when supplemented with other modes of transportation.

There are also carsharing services such as Getaround that will allow residents to rent out their personal vehicles when not in use. The Town should work with property owners to encourage these types of services in order to reduce the overall car ownership rate in Los Gatos.

Any new apartment and condo complexes could be offered an incentive such as a parking reduction by providing car sharing vehicle(s) onsite for their residents. Additionally, the Town could provide free or reduced parking permits in Residential Permit Parking Districts to car share vehicles.

## 5.4. Ongoing

### 5.4.1. Permit Program Adjustments

The Town should continue to evaluate parking impacts in residential areas in order to make periodic adjustment to program policies, time limits, operating hours, and enforcement coverage as needed.

A summary of potential findings and adjustments is provided below in Table 18.

**Table 18. Example Data-Driven Decisions**

Data Finding	Potential Adjustments
Proposed residential permit parking area occupancy is consistently near or above 85%	<ul style="list-style-type: none"> <li>Expand permit parking restrictions</li> </ul>
Proposed residential permit parking area occupancy is consistently well below 85%	<ul style="list-style-type: none"> <li>Do not expand permit parking restrictions</li> </ul>
High School student parking demand exceeds permit parking capacity	<ul style="list-style-type: none"> <li>Establish additional permit parking areas as needed</li> <li>Increase High School permit rate</li> </ul>
Existing Residential Permit Parking District parking occupancy is consistently near or above 85%	<ul style="list-style-type: none"> <li>Reduce the number of permits allowed per address</li> <li>Increase permit cost</li> <li>Reduce the number of High School student permits allowed</li> </ul>

Existing Residential Permit Parking District parking occupancy is consistently below 85%	<ul style="list-style-type: none"><li>• Increase the number of High School student permits allowed</li></ul>
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## 5.5. Cost and Impact

**Table 19: Residential Area Parking Estimated Cost and Impact Levels**

Section	Description	Cost	Impact
5.1.1	Digital Permits	Low	High
5.1.2	Rate Model	Low	Low
5.1.3	Petitioning Process	Low	Medium
5.1.4	High School Permit Program	Low	High
5.1.5	Student Permit Eligibility	Low	Low
5.2.1	Additional Student Parking Areas	Low	Medium
5.2.2	Commute Gamification	Low	Low
5.3.1	Car Sharing	Low	Low
5.4.1	Program Adjustments	Low	Medium

## 5.6. Implementation Guide

**Table 20: Residential Area Parking Implementation Guide**

Phase 1
<ol style="list-style-type: none"> <li>1. Utilize the Town’s existing automated permit management system to transition to the use of digital license plate-based parking permits.</li> <li>2. Adjust the Residential Permit Parking District rate model. <i>TC</i> <ol style="list-style-type: none"> <li>a. Lower the cost of the first permit, but raise the cost of additional permits.</li> </ol> </li> <li>3. Adjust guest permit policies to provide permits for between 1-30 days only. <i>TC</i> <ol style="list-style-type: none"> <li>a. Require a nominal daily fee.</li> </ol> </li> <li>4. Reinitiate a petitioning process to establish or expand Residential Permit Parking Districts. <i>TC</i> <ol style="list-style-type: none"> <li>a. Require a larger percentage of signatures for areas that are non-contiguous to existing Districts.</li> <li>b. Require a data collection evaluation to determine eligibility.</li> <li>c. Require an external contributor to spillover parking besides other residents.</li> <li>d. Maintain time limit parking for non-permit holders in Residential Permit Parking Districts but improve their effectiveness using the no reparking rule.</li> </ol> </li> <li>5. Establish a High School Permit Program. <i>\$ TC</i> <ol style="list-style-type: none"> <li>a. Incorporate into the automated permit management system.</li> <li>b. Establish strict guidelines and grounds for permit revocation.</li> <li>c. Set the amount of students that may park in each Residential Permit Parking District.</li> <li>d. Establish a rate model.</li> <li>e. Determine student eligibility based upon proximity and require proof of residency in the application process.</li> <li>f. Order and install signage or decals for each zone.</li> </ol> </li> <li>6. Work with Los Gatos – Monte Sereno Safe Routes to School (SR2S) to define student permit eligibility.           <ol style="list-style-type: none"> <li>a. Encourage the High School to limit permit eligibility based upon proximity.</li> </ol> </li> </ol>
Phase 2
<ol style="list-style-type: none"> <li>7. Establish additional High School Permit Program zones if needed. <i>TC</i></li> <li>8. Encourage the High School to utilize a commute gamification platform that will encourage students to utilize alternative modes of transportation.</li> <li>9. Adjust residential special event permit advanced notification requirements and automate the application process. <i>TC</i></li> </ol>
Phase 3
<ol style="list-style-type: none"> <li>10. Evaluate car sharing providers and develop a program to incentivize car sharing in residential areas. <i>\$ TC</i> <ol style="list-style-type: none"> <li>a. Encourage residents to enroll their own vehicles in car sharing services.</li> <li>b. Allow onsite parking reductions for apartment and condo complexes that provide car sharing options.</li> </ol> </li> </ol>

c. Allow free Residential Permit Parking District parking for car sharing vehicles. **TC**

**Ongoing**

- Ongoing permit program adjustments as needed based upon data-driven decisions.

## 6. Enforcement

This section includes recommendations for parking enforcement staffing, technology, and management. The parking enforcement operation should:

- Optimize the effectiveness of parking management strategies to improve access and safety;
- Utilize parking enforcement technology to maximize enforcement efficiency; and
- Adapt the enforcement operation over time to provide effective coverage.

Parking enforcement should be one of the Town's highest parking management priorities. Consistent enforcement coverage will result in higher rates of compliance with parking policies which is critical for the success of the Town's parking operation. Without proper enforcement, the Town will not be able to reach its overall parking, transportation, congestion, safety, and environmental goals, and investments in parking assets and technology are unlikely to be effective.

Parking enforcement is currently operated within the Police Department. Parking Control Officers (PCOs) are responsible for patrolling assigned areas and responding to complaints of illegally parked vehicles. In addition, the PCOs support school safety, vehicle abatement programs and provide tow support for sworn personnel during street closures for special events.

The Town is already on the right track to developing an effective parking enforcement operation. The Town recently filled the second full-time employee (FTE) PCO and purchased a new license plate recognition (LPR) system. LPR technology is an important parking management tool that improves enforcement efficiency and coverage. Using LPR as a parking management tool means that manual enforcement processes will be automated. Examples include:

- **Time limit tracking:** Instead of manually entering each license plate number, tire valve stem position, and location into a handheld, or using chalk to mark tires, the LPR system can automate the process by logging the same information and notifying PCOs of violations.
- **Verifying permits:** Instead of verifying that each vehicle has a physical permit displayed, that the permit number is tied to the correct license plate number, and that the date is valid, the LPR system can automate the process by using the license plate number as the permit number and verifying permit status using a database with real-time information.

### 6.1. Phase 1

#### 6.1.1. Enforcement Coverage

Until recently, the Town has had one FTE PCO and one part-time employee (PTE) PCO. The FTE PCO works Monday through Friday, and the PTE PCO works Wednesday through Friday only. Patrol officers handle weekend complaints and safety violations. The Town is currently in the process of training the recently hired second FTE PCO. During training the PTE PCO will continue to provide coverage, but will be replaced by the second FTE PCO once training is complete.

Since time limits apply Monday through Friday from 9:00 a.m. – 6:00 p.m., it is recommended that the two FTEs work on weekdays only. Additionally, peak parking demand typically occurs in the midday, so it is important that the PCOs do not take their lunch break at the same time in order to maximize midday coverage.

Due to high parking occupancy rates, PCOs should prioritize time limit enforcement in the Downtown time limit areas. The LPR equipped vehicles should be driven through time limit areas at least once every two to three hours. Permit parking areas should also be verified using the LPR system once the Town transitions to the use of digital permits.

### **6.1.2. Warning Notices**

As the Town implements new parking policies and programs, such as the no reparking rule and the Downtown Employee Parking Permit Program, PCOs should issue warning notices to first-time violators. The citation management system can track warning notices to ensure that the same violator does not receive a warning notice the second time. Warning notices are an opportunity to further educate the community about new parking rules.

### **6.1.3. Data Collection**

In order to evaluate the effectiveness of the Downtown Employee Parking Permit Program, the Town should utilize LPR to collect parking occupancy and utilization data within and around permit parking areas. One of the PCOs can be assigned a specific data collection route periodically that will later allow staff to download the data collected by the LPR system. In order to minimize the impact on enforcement resources, the Town could collect a sampling of data on just two or three weekdays. The LPR collects license plate numbers, GPS location, and the time of day of each read. Staff can use the data to estimate the on- and off-street occupancy by dividing the number of plate reads by the number of parking spaces. Additionally, since permits are each tied to a license plate number, the Town will be able to determine whether permit holders are parking outside of permit parking areas. Findings from the LPR data collection can be used to make data-driven decisions about the Downtown Employee Parking Permit Program or other policy decisions.

## **6.2. Phase 2**

### **6.2.1. Technology Integrations**

As pay stations and mobile payment are introduced, both systems should be integrated with the Town's citation management and LPR systems. This will allow the LPR system to verify payment status via license plate number in real-time. Additionally, the LPR system should be configured to verify all digital parking permits.

### **6.2.2. Enforcement Staffing and Coverage**

While the recent hire of a second FTE PCO is an improvement, the Department should ideally hire a third FTE PCO and a PTE PCO in preparation to support upcoming program and policy changes. Consistent enforcement coverage is critical to the success of the parking operation. It will allow the Town to understand and measure the actual impact of parking policies for effective decision-making. It is also important to make sure that staffing levels can accommodate instances where an officer may be on vacation or on sick leave.

Ideally, three FTE PCOs should work Monday through Friday with two focusing on the Downtown and Civic Center areas, and the third focusing on residential areas, complaints, and other support as needed. New PCOs should each be equipped with handheld citation issuance devices and an LPR equipped vehicle. The PTE PCO could provide additional coverage on Wednesday through Friday, and if the Town ever expands paid parking into the weekends, the PTE schedule could be shifted to provide weekend support.

### **6.3. Phase 3**

#### **6.3.1. Consider Contracting Enforcement**

Health and safety are the priorities of the Police Department, and as a result PCOs are sometimes pulled away for other support needs. In order to provide consistent parking enforcement coverage, it is important that there are dedicated resources. If the Department has challenges hiring and retaining staff, or if PCOs are often being pulled away for other support, the Town could consider a new approach to parking enforcement. The Town could contract with a third-party vendor which could improve the overall level of service, enforcement consistency, and provide ongoing cost savings. Contracting a vendor for parking enforcement would require the Town to establish the number of labor hours, uniforms, equipment, vehicles, and any office space needed to support the Town along with the specified services. Most vendors offer an existing employee transition program, subject to minimum qualifications, background checks, and specified hiring criteria. The Town could specify this transition requirement in any solicitation. Third-party vendors offer both union and non-union labor options based upon the Town's specification.

Numerous California cities have successfully contracted parking enforcement service agreements. These communities include Alhambra (General Law), Antioch (Charter), Chula Vista (Charter), Glendale (Charter), Newport Beach (Charter), Palo Alto (Charter), Pasadena (General Law), Placerville (General Law), Salinas (Charter), San Gabriel (General Law), San Leandro (Charter), Santa Clarita (General Law), Vallejo (Charter), and West Hollywood (General Law). Of those communities, Antioch, Newport Beach, Pasadena, San Gabriel, San Leandro, Santa Clarita, and West Hollywood have extended their current contract in the past few years. Prior to considering outsourcing parking enforcement services, it is recommended that the Town solicit the Town Attorney to confirm legal viability.

These contracted services have continually demonstrated annual cost savings and an increased level of service and consistent application of the parking regulations. Each agency provides oversight and audit control of the parking enforcement operation including frequent meetings

with program managers and regularly scheduled audits to ensure the productivity, efficiency and service levels of the vendor.

The level of transparency in the relationship is critical to the success of the overall program. The program should be closely monitored by designated Town staff. Contract performance requirements should strictly regulate how to address customer complaints and the notification protocols for any community issues that may arise. Policies and operational procedures must be approved by the Town, and vendors must closely monitor their field staff to ensure compliance and customer satisfaction.

## **6.4. Ongoing**

### **6.4.1. Staffing and Schedule Adjustments**

As the Town considers adjustments to parking policies and programs, it is important to ensure that there is sufficient enforcement staffing. Any expansion in operating days and/or hours should be supported by a shift in enforcement schedules, and there should ideally be at least two PCOs on duty during all operating hours to support paid parking, time limit, and permit parking policies.

### **6.4.2. Gap Management**

PCO productivity is not, and should never be, based upon a quota or the number of citations issued. Consistent enforcement in some cases will reduce the frequency of citations issued over time due to an increase in compliance. Instead, PCO productivity should be measured and monitored using Gap Management strategies. Gap Management is the process of analyzing citation issuance trends, identifying gaps in issuance, and accounting for all time spent in the field. LPR and citation issuance handheld devices also provide GPS location data which should be monitored to confirm that PCOs are covering their assigned routes and zones.

## 6.5. Cost and Impact

**Table 21: Enforcement Estimated Cost and Impact Levels**

Section	Description	Cost	Impact
6.1.1	Enforcement Coverage	Low	Medium
6.1.2	Warning Notices	Low	Medium
6.1.3	Data Collection	Low	High
6.2.1	Technology Integrations	Low	High
6.2.2	Enforcement Staffing and Coverage	High	High
6.3.1	Consider Contracting Enforcement	High	Medium
6.4.1	Staffing and Schedule Adjustments	Medium	Medium
6.4.2	Gap Management	Low	Medium



## 6.6. Implementation Guide

**Table 22: Enforcement Implementation Guide**

<b>Phase 1</b>
<ol style="list-style-type: none"> <li>1. Adjust enforcement coverage to prioritize Downtown time limit areas.</li> <li>2. Regularly utilize LPR for enforcement.</li> <li>3. Issue warning notices for first-time violators as new policies are introduced.</li> <li>4. Utilize LPR for data collection sampling to support the evaluation of the Downtown Employee Parking Permit Program.             <ol style="list-style-type: none"> <li>a. Assign a PCO to drive a specific route and certain times of the day.</li> <li>b. Sample two or three weekdays per month.</li> <li>c. Analyze parking occupancy and utilization data.</li> </ol> </li> </ol>
<b>Phase 2</b>
<ol style="list-style-type: none"> <li>5. Ensure that the LPR and citation management systems are integrated with new parking technology including pay stations and mobile payment.</li> <li>6. Budget for and hire another FTE PCO and a PTE PCO.             <ol style="list-style-type: none"> <li>a. Equip new PCOs with handhelds, LPR, and other equipment.</li> </ol> </li> <li>7. Adjust enforcement staffing schedule and coverage.</li> </ol>
<b>Phase 3</b>
<ol style="list-style-type: none"> <li>8. Consider contracting enforcement services through a third-party vendor.             <ol style="list-style-type: none"> <li>a. Evaluate program staffing levels and effectiveness.</li> <li>b. Evaluate potential cost savings.</li> </ol> </li> </ol>
<b>Ongoing</b>
<ul style="list-style-type: none"> <li>- Ongoing adjustments to enforcement staffing and schedules as needed.             <ul style="list-style-type: none"> <li>- Ideally there should be at least two PCOs on duty during all operating hours.</li> </ul> </li> <li>- Utilize Gap Management techniques to measure officer productivity in the field.             <ul style="list-style-type: none"> <li>- Do not base productivity off of number of citations issued.</li> </ul> </li> </ul>

## 7. Wayfinding and Parking Guidance

The Town has existing static parking wayfinding signage throughout the Downtown and Civic Center areas that assist drivers in finding various destinations and parking lots. Most parking lots within the Town are tucked away behind Downtown businesses which contributes to the aesthetic and charm that many appreciate. However, in some cases it may be challenging for drivers to identify available parking options and access points.

### 7.1. Phase 1

#### 7.1.1. Parking Brand

The Town should consider developing an easily recognizable public parking brand. While existing signage, as shown in Figure 7, do have a recognizable color theme, there are no other distinguishable features about the “P” that could be incorporated into other parking outreach materials. Consistent with the Town name, the parking brand could be “PARKLG”, similar to the “PARKSJ” and “PARKSL” branding in San Jose and San Leandro. Or, creative branding could incorporate a cat theme into the branding, similar to the Town’s logo. Examples include using a font for the letter “P” that is formed by a cat or cat tail, and incorporating a cat with the name “Parker” on its tag on outreach materials. Regardless, if the Town is creative the parking program will be more eye-catching and memorable.

Figure 7: Static Wayfinding Sign



Figure 8: PARKSL Branding



The signage and parking brand should be consistent including sign format, symbols and colors. A unified parking brand improves the overall parking experience by clearly designating public parking locations. The direction of the signage needs to be clear, easy to understand, and simple to follow. The branding can also be utilized on all public parking outreach materials for consistency.

The Town should also expand the public parking branding to any future shared parking agreement locations. For shared parking agreements, the parking brand/signage should be required in conjunction with the terms and conditions of the agreement. Expanding the public

parking brand to shared parking locations will provide consistency to the drivers, making it easier to identify public parking locations, regardless of ownership.

### 7.1.2. Occupancy Counting

The Town should collect ongoing parking occupancy data at public parking lots in order to provide real-time parking guidance information to drivers for both directional and trip planning purposes. Additionally, this data can be leveraged to make data-driven management and policy decisions.

The Town should install loop-based sensors that will detect vehicles as they drive in and out of parking lots to calculate total facility occupancy in real-time. Loop sensors can be in-ground or above ground systems that detect vehicle movement and direction.

A facility-wide count, versus a per-space count, is recommended because it is a more affordable way to communicate overall parking availability to drivers without requiring a sensor in every parking space. The main priority should be to direct drivers to a parking facility with sufficient available parking. Once a driver reaches the surface parking lot, it is not challenging to visually locate available parking spaces.

The selected vendor should have the ability to push real-time parking occupancy information through an application program interface (API) so it can be leveraged for other purposes such as signage and online applications.

### 7.1.3. Parking Guidance System

In addition to static wayfinding signage, the Town should deliver real-time parking availability information through digital signage or vehicle messaging systems. Figure 9 is an example of a digital sign that fits in with the surrounding aesthetics by incorporating materials seen in nearby buildings and structures. It is important to carefully design the signage to fit in with the Town's overall small town charm and aesthetic, and it should incorporate the Town's parking brand.

Vehicle counting systems coupled with automated wayfinding systems are helping to revolutionize how the public utilizes parking resources. Automated Parking Guidance System (APGS) signs can promote parking availability and mitigate congestion in the vicinity of parking facilities. Parking availability information can also inform drivers about parking availability before they enter into a parking lot. Some stakeholders reported that due to the narrow travel lanes within Town parking lots, sometimes

**Figure 9: Digital Parking Sign**



driving in and out of them can take a frustrating amount of time if other drivers are waiting for parking spaces or backing out of stalls.

The APGS signage should indicate parking lot space availability (Full/Available or the number of spaces available), event parking details, alternative parking areas, and targeted messaging. This methodology allows drivers to prepare their direction of travel upon approach, thereby reducing traffic flow impact, discouraging backups, and addressing maximum capacity concerns.

### 7.1.4. Walkability Signage

It is also recommended that the Town design and install signage to encourage walking. Figure 10 is an image of walkability signage used in Wailuku Town within the County of Maui. These temporary signs were a low-cost way to encourage walking by promoting short walking times.

Signage in Los Gatos could also include the estimated number steps for those that use devices to track walking. Remote or perimeter parking options may look more reasonable or accessible if the walking times and number of steps is promoted. This also encourages a healthy lifestyle and promotes the “Park Once” approach as described in Section 4.1.1.

## 7.2. Phase 2

### 7.2.1. Web Application

The Town should also post a list and/or a map of public parking locations to the Town website with real-time parking information. The purpose of providing this information online is to allow for trip planning. This will allow commuters and visitors to gauge how likely it is to find a parking space and whether they should consider utilizing alternative parking locations, visiting at a different time of day, or taking other modes of transportation.

Real-time parking information and parking availability can also be linked to a variety of publicly available, free parking applications such as Google Maps and Waze. The Town should authorize data sharing with phone and mapping applications to provide drivers with additional opportunities to make informed decisions. A growing number of parking vendors are delving into the mobile application space, many utilizing web applications that can feed from open source data platforms.

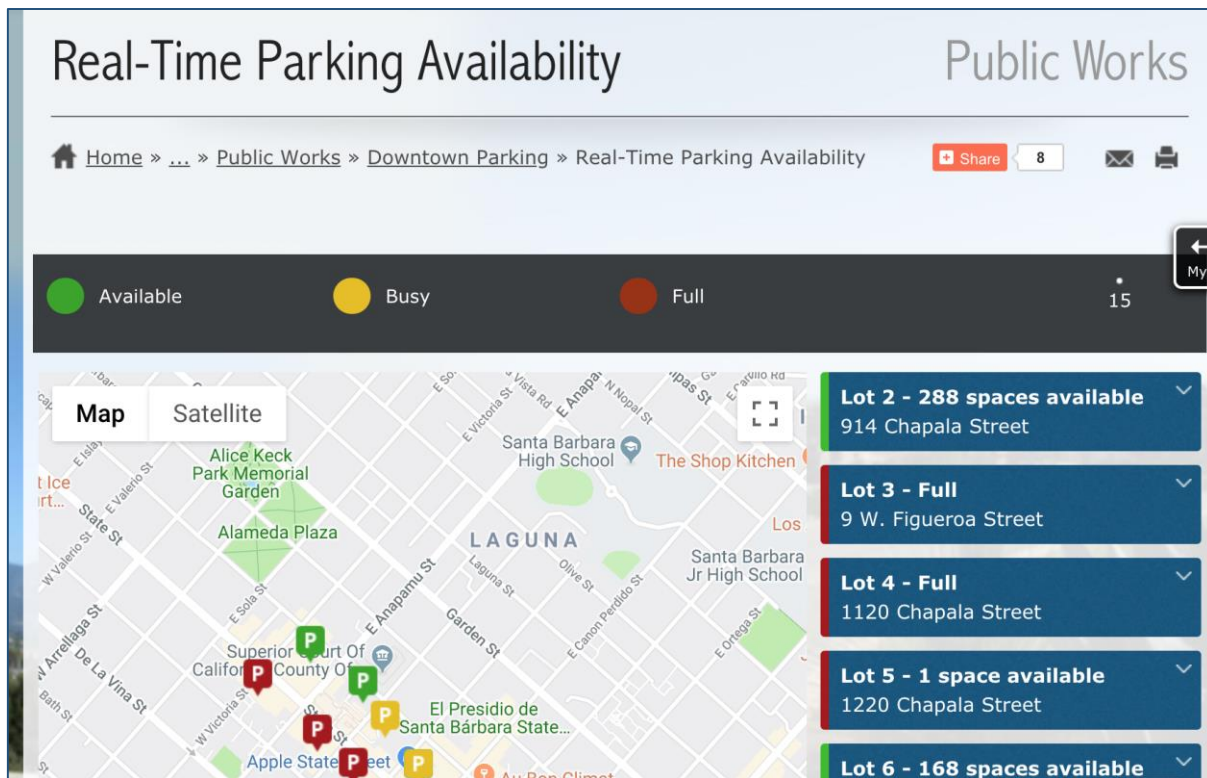
**Figure 10: Maui Walkability Signage**



Real-time data can be integrated with several existing parking applications. To stay competitive in today’s market, most parking technology vendors recognize that an open platform is necessary. There may also be local software development firms with existing applications or services that could promote parking data via an open API.

The City of Santa Barbara has effective real-time parking availability information online that can be utilized for trip planning purposes, as shown in Figure 11. The Town could use the above data collection tools to offer similar information on the Town website and/or via a mobile application.

**Figure 11: Santa Barbara Real-Time Parking Availability Map**



### 7.3. Phase 3

#### 7.3.1. Garage Signage

If the Town constructs a parking garage, additional wayfinding signage for the interior of the garage should be incorporated into the budget and plan. Interior garage wayfinding signage will improve the ability of a driver to enter, leave and return to a garage facility. Inside the garage directional arrows, parking restrictions and exit signs for both the driver and pedestrian should be installed. A common practice is to color coordinate vehicle versus pedestrian-oriented signage with different colors and sizing in order to provide clear visual cues that are easy to follow along with.

### 7.4. Ongoing

### **7.4.1. Monitoring and Adjustments**

As new parking assets are developed or adjusted, the Town's parking wayfinding and parking guidance system should be expanded and adapted as needed. Signage should direct drivers to primary off-street public parking options near designation points. Additionally, all public parking lots should be clearly identifiable with the public parking brand.

Signage should be installed along major roadways and at decision points along the route to public parking facilities so that drivers can identify where parking is available. The parking guidance system should be configured to redirect drivers to available parking options once facilities reach or near capacity. Signage should incorporate digital LED inserts to display real-time occupancy information whenever possible.

Signage can also be leveraged for additional information as needed for purposes such as event parking and targeted messaging.

The Town should also continue to monitor the accuracy of parking occupancy technology and reset the counting systems as recommended by the selected vendors. Any discrepancies noticed between the level of accuracy advertised by the vendor and the actual accuracy level should be immediately addressed with the technology vendor.

Parking facility capacity values should be updated as needed to account of instances of parking space reservations, construction, or other impacts to the overall parking supply. This will prevent parking guidance from incorrectly directing drivers to parking spaces that are not actually available.

## 7.5. Cost and Impact

**Table 23: Wayfinding and Parking Guidance Cost and Impact Levels**

Section	Description	Cost	Impact
7.1.1	Parking Brand	Medium	Medium
<i>The following strategies are interdependent and should be jointly implemented:</i>			
7.1.2	Occupancy Counting	High	High
7.1.3	Parking Guidance System	High	High
7.1.4	Walkability Signage	Low	Low
7.2.1	Web Application	Low	Low
7.3.1	Garage Signage	Medium	Medium
7.4.1	Monitoring and Adjustments	Medium	Medium

## 7.6. Implementation Guide

**Table 24: Wayfinding and Parking Guidance Implementation Guide**

<b>Phase 1</b>
<ol style="list-style-type: none"> <li>1. Design a public parking brand. <b>\$</b> <ol style="list-style-type: none"> <li>a. Consider hiring a branding firm or develop the parking brand in house.</li> <li>b. Utilize the public parking brand on all outreach materials and signage related to public parking.</li> </ol> </li> <li>2. Install occupancy counting technology in public parking lots. <b>\$</b> <ol style="list-style-type: none"> <li>a. Utilize loop-based sensors to collect facility-wide parking occupancy data.</li> <li>b. Transmit parking data via to parking guidance signage via an API.</li> </ol> </li> <li>3. Procure APGS signage through an RFP process. <b>\$</b> <ol style="list-style-type: none"> <li>a. Install APGS signage along main roads to direct drivers to available parking options.</li> <li>b. Designate responsible party for maintenance and upkeep.</li> <li>c. Define performance standards and performance penalties for system support failures.</li> <li>d. The system should redirect drivers to underutilized locations and display “FULL” once a facility is near capacity.</li> </ol> </li> </ol>
<b>Phase 2</b>
<ol style="list-style-type: none"> <li>4. Broadcast real-time parking availability information through an open API to publicly available parking application and an online mapping tool.</li> </ol>
<b>Phase 3</b>
<ol style="list-style-type: none"> <li>5. Install directional signage for vehicles and pedestrians within garage interiors. <b>\$</b></li> </ol>
<b>Ongoing</b>
<ul style="list-style-type: none"> <li>- Adjust APGS signage over time as needed. <b>\$</b> <ul style="list-style-type: none"> <li>- Expand the public parking brand to shared parking locations if providing public parking.</li> </ul> </li> <li>- Monitor parking occupancy sensor accuracy and address inaccuracies with the parking technology vendor as needed.</li> <li>- Update facility capacity values as needed to account for exceptional situations.</li> <li>- Utilize parking occupancy data to make data-driven policy decisions over time.</li> </ul>



## 8. Transportation Demand Management

While vehicle parking is the primary focus of this Roadmap, it is also important to consider how transportation demand management strategies can influence parking demand. This section includes recommendations for utilizing alternative modes of transportation to support the overall parking program.

### 8.1. Phase 1

#### 8.1.1. Shared Mobility Devices

**Figure 12: Shared Bike**



Shared mobility devices are devices like bikes and scooters that are available for a rental fee. Many recent shared mobility device programs are “dockless” meaning that they are not required to be docked to a particular charging station. They relate to parking management because they can reduce parking demand, increase access to remote parking locations, and can impact parking enforcement duties.

Bikeshare and scooter programs have yet to be established within the Town. However, the Town is anticipating their arrival in the near future, especially since Lime Bike already has a geofenced zone that reaches the Town. Other nearby agencies have already experienced the

impact of shared mobility device programs and there are some policy decisions the Town can make that can mitigate some of the potential impacts of these programs.

Bike and scooter sharing could provide the Town with additional resources to mitigate the first mile/last mile problems and provide increased accessibility throughout downtown. Bike and scooter sharing can also help support remote parking locations. While Lime, Bird and other dockless mobility device share companies offer improved convenience and flexibility for users (because they are not required to leave the bike at a designated location). Dockless programs can be challenging to manage and regulate. Many agencies experience a significant amount of complaints due to dockless bikes, especially regarding blocked sidewalks and ramps, which limits ADA accessibility.

The Town should consider adopting ordinance language that allows the Town to hold vendors accountable when bikes are left in locations where they cause a public nuisance. Adding a fee to the collection of devices that have been impounded by the Town encourages the companies to inform their users on the correct locations to leave bicycles when they are done.

While a docked bike share program could mitigate most of the problems associated with dockless program, docked bike programs are expensive to implement and manage, and may not be heavily utilized unless implemented on an expansive scale. Dockless bike and scooter programs offered by private companies are a tremendous opportunity for improving mobility at no upfront cost to the Town. The main financial impact results from the additional monitoring and enforcement required to manage the impacts.

The City of Santa Monica recently adopted an ordinance addressing the permitting and use of shared mobility devices. The ordinance gives Santa Monica additional control and oversight through a permitting process. The Town should take a similar approach and ensure that a permit program is implemented with tight controls.

## **8.2. Phase 2**

### **8.2.1. Secure Bike Parking**

The Los Gatos Creek Trail is a walking and bicycling trail located adjacent to Downtown Los Gatos and there are many residents that commute and travel about the Town by bicycle. The Town could consider opportunities for bicycle storage and valet in order to encourage additional trips by bicycle.

Three of the adopted goals in the 2020 General Plan Transportation Element are related to encouraging bike ridership and improving access to bike infrastructure:

- To encourage increased levels of bicycling and walking.
- To provide a safe and efficient system of bicycle and multiple use trails throughout the Town, creating a non-motorized connection to recreational and commuting destinations.
- To ensure a well-designed and well-maintained system of trails that connects the Town and open space areas.

The Town should offer secure bike storage areas in order to encourage more biking. There are certain locations in the Downtown that bikers frequent, so these would be ideal locations to focus on providing bike parking. Town staff should observe where the most biking activity occurs, and survey bike riders about key bike parking locations.

Secure bike parking lots or cages should be installed where space allows in order to provide bike riders with a convenient and secure location. Bike parking areas should cost a small fee, which can be managed through low cost monthly or annual memberships.

## **8.3. Phase 3**

### **8.3.1. Circulating Shuttle**

A shuttle program could be an effective way to incorporate remote parking locations by giving drivers the ability to park and ride into the downtown core. Additionally, if the Town wants to promote the “Park Once” approach, then a shuttle program could be an effective way for drivers to rely upon the shuttle for shorter trips, rather than re-parking their vehicle.

**Figure 13: On-Demand Shuttles**



For example, The Free Ride Everywhere Downtown (“FRED”) is a free shuttle program in San Diego that has been successfully implemented and expanded. The shuttle program is free to the users because the staffing and operating costs are completely funded by advertisements. Additional funding is required to support the cost of the vehicles, insurance, and ongoing management. The estimated cost per vehicle per hour is between \$20.00-\$30.00 and can vary depending on factors such as the program size, area, and frequency. There are moving billboards, videos for passengers and even sample products that are given out during the rides. The vehicles are all electric and each fit up to five passengers. The benefit of utilizing smaller vehicles is that the insurance costs are significantly reduced. Additionally, a mobile application allows users to request a ride within certain boundaries; users are prompted to select their pick-up and drop-off locations, and the application provides real time driver ETAs.

**Figure 14: Santa Barbara Waterfront Shuttle**



The City of Santa Barbara is another example of a location with a successful downtown shuttle system. The City’s shuttle operates year-round with regular and summer schedules from 10:00 a.m. to 6:00 p.m.. Regular service operates from Labor Day weekend through the day before Memorial Day weekend with headways every 15 to 30 minutes. The summer schedule operates between Memorial Day weekend and Labor Day weekend with 10 to 15-minute headways. The shuttle costs \$0.50 for a one-way trip (\$0.25 for Seniors and people with disabilities), and children ride free. Multiple trip

passes can also be purchased ranging from \$1-\$20. The waterfront shuttle has six stops between downtown and the waterfront which includes the Harbor, Wharf and the Zoo.

The Town should consider a blended approach with a circulating shuttle and on-demand service during off-peak periods, as described in Section 4.3.3. Typically, a program like FRED is structured as an on-demand service, however the Town could solicit a shuttle service company about the potential for a fixed route program if desired. A fixed-route option could be designed to serve a remote employee permit parking location, for example.

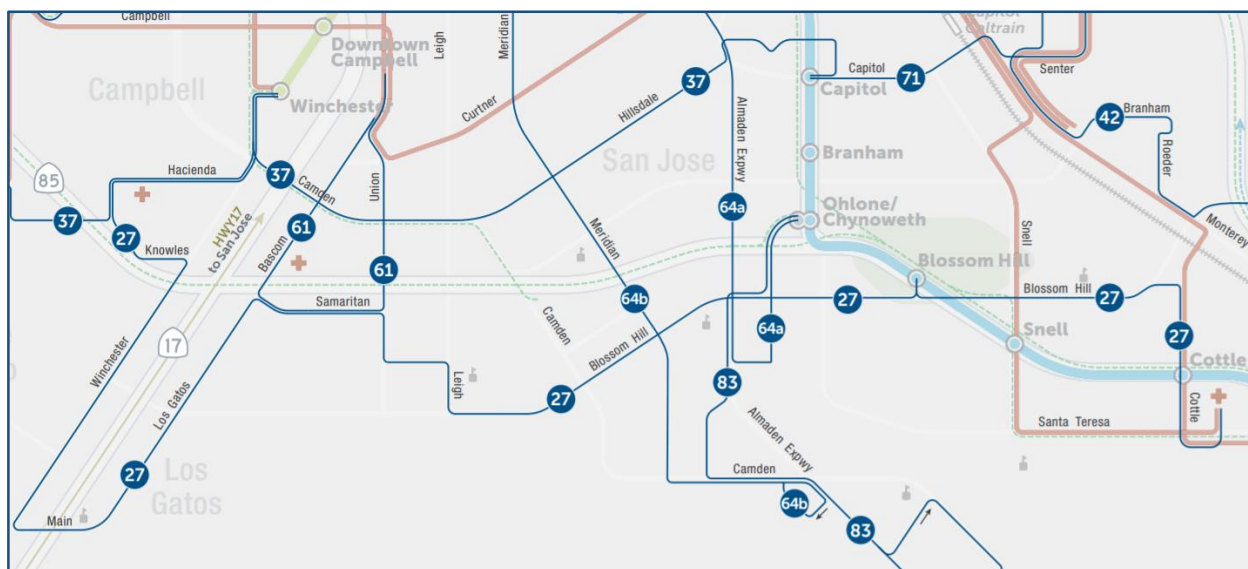
## 8.4. Ongoing

### 8.4.1. Public Transit Incentives

As public transportation service continue to expand and evolve in the Los Gatos region, the Town should continually promote public transportation options and provide incentives when possible to encourage their use. Examples of incentive programs include providing a free annual parking permit raffled off to any employee that rides public transportation instead of driving at least three times in a month, and providing free bus rides to students at Los Gatos High School.

The Valley Transportation Authority (VTA) Board of Directors has adopted a new transit service plan that is set to be implemented when BART service to Santa Clara County begins at the end of 2019. The new service plan will discontinue both route 48 and 49 and will be replaced by route 27. The new route will replace route 48 in its entirety and parts of route 49. Currently, route 27 connects Good Samaritan Hospital to Kaiser Permanente San Jose and the new route will be extended westward to connect Downtown Los Gatos and the Winchester Transit Center. Route frequency would improve to 30-minute headways midday weekdays and to 40-45 minute

**Figure 15: Proposed Route 27**



headways on Saturday. The improved weekday headway will improve alignment with the school bell time, which could increase ridership amongst high school students.

## 8.5. Cost and Impact

**Table 25: Wayfinding and Parking Guidance Cost and Impact Levels**

Section	Description	Cost	Impact
8.1.1	Shared Mobility Devices	Low	Medium
8.2.1	Secure Bike Parking	Medium	Low
8.3.1	Circulating Shuttle	High	Medium
8.4.1	Public Transit Incentives	Low	Low

## 8.6. Implementation Guide

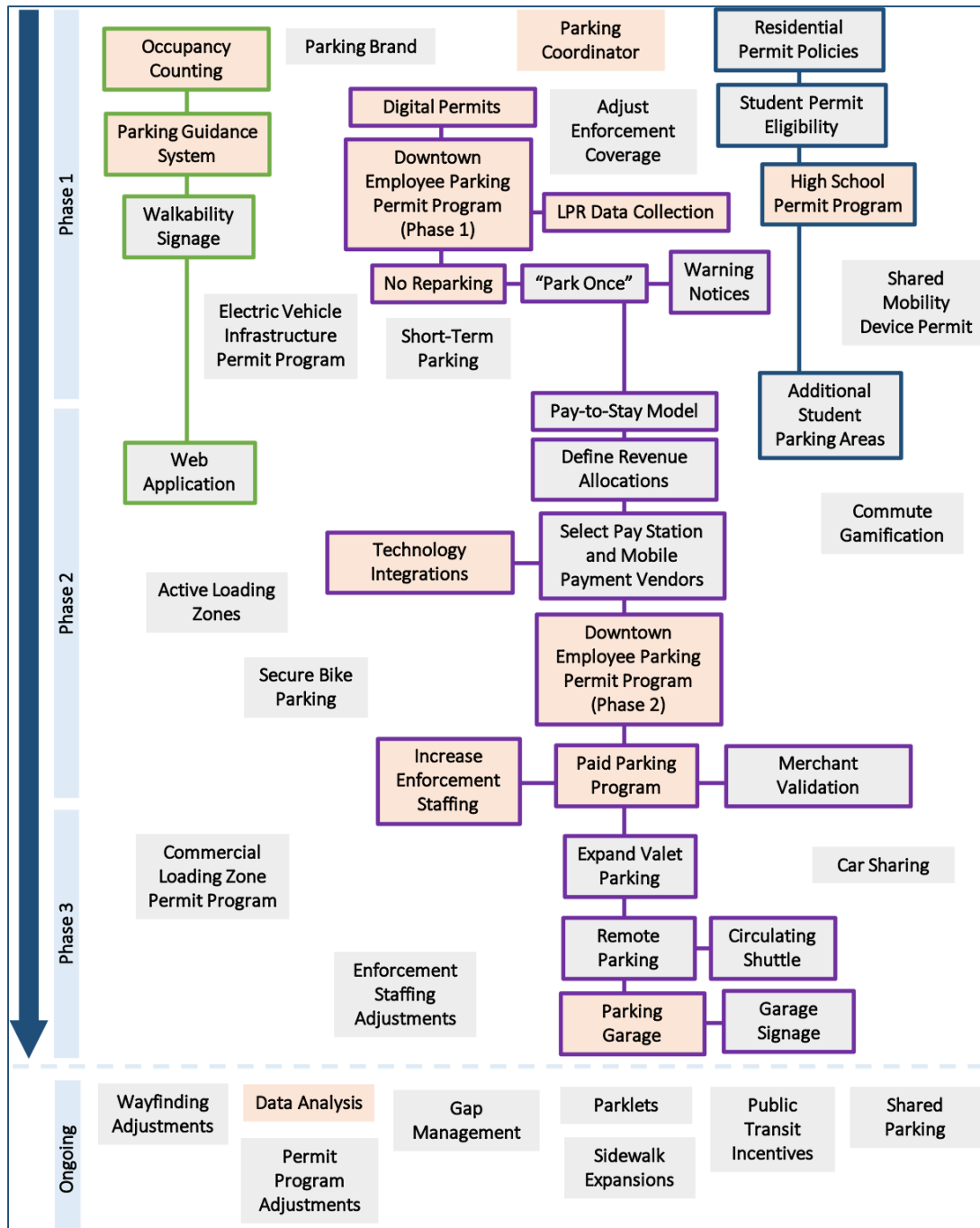
**Table 26: Transportation Demand Management Implementation Guide**

<b>Phase 1</b>
<ol style="list-style-type: none"> <li>1. Develop a Shared Mobility Device Permit Program. <i>TC</i> <ol style="list-style-type: none"> <li>a. Regulate shared mobility device companies, supply, data sharing, and other policies.</li> <li>b. Establish an impound fee.</li> </ol> </li> </ol>
<b>Phase 2</b>
<ol style="list-style-type: none"> <li>2. Assess potential locations for secure bike parking.             <ol style="list-style-type: none"> <li>a. Survey bike riders and visually observe areas in Downtown frequented by bikers.</li> </ol> </li> <li>3. Purchase and install secure bike parking lockers or cages. <i>\$</i></li> </ol>
<b>Phase 3</b>
<ol style="list-style-type: none"> <li>4. In order to leverage remote parking opportunities, the Town could develop a shuttle program. <i>\$</i></li> </ol>
<b>Ongoing</b>
<ul style="list-style-type: none"> <li>- Provide ongoing public transit incentives. <i>\$</i></li> </ul>

## 9. Comprehensive Implementation Guide

Figure 16 is a diagram that summarizes the high-level implementation steps across all Roadmap sections. The orange colored boxes represent strategies that are categorized as high-impact. Key implementation tracks are color-coordinated to represent important prerequisite and phasing requirements. Ongoing recommendations are listed at the bottom.

Figure 16: Comprehensive Implementation Diagram



## Appendix A: Employee Survey Results

DIXON visited a variety of downtown businesses and conducted employee surveys in-person on June 5, 27, and 28, 2019. A total of 77 employees were surveyed from 61 businesses. The results for each question are included below.

### 1. What mode of transportation did you use to get to work?

Mode	Responses
Car	93%
Bike	0%
Walk	3%
Rideshare	3%
Other	1%

### 2. Where did you park?

Location	Responses
On-street	10%
Public parking lot	56%
Private parking lot	35%
Used valet	0%

### 3. How many blocks away from work is your parking space?

Distance	Responses
One block	92%
Two blocks	4%
Three blocks	3%
Four or more blocks	1%

### 4. A. Would you be willing to buy a parking permit if it meant you could easily find a space to park?

Answer	Responses
Yes	72%
No	28%

### 4. B. If yes, what is a reasonable monthly rate?

Monthly Rate	Responses
\$0	1



\$5	7
\$10	8
\$15	1
\$20	4
\$25	3
\$30	1
\$40	2
<b>Average</b>	<b>\$15</b>

5. Do you think there is enough parking downtown for customers?

Answer	Responses
Yes	16%
No	81%
Not sure	3%

6. Do you think customers would be willing to pay for parking if it meant they could easily find a parking space or park for longer?

Answer	Responses
Yes	36%
No	50%
Not sure	14%

7. If you could change, fix, or improve anything about parking in Los Gatos what would you do?

Suggestion	Responses
Build more parking	23
More long term parking	17
Designated employee parking or permit parking	9
Expand valet	5
Paid parking	3
Eliminate or reduce parking enforcement	3
More loading zones	2
Make Santa Cruz Ave. pedestrian-only	2
Increase Parking Enforcement or Security	2
More covered or shaded parking	1
More accessible parking	1
Maintenance at Lot 4	1
Utilize remote parking lots	1
Improve public transit	1
Employee carpool or shuttle programs	1

## Appendix B: Online Survey Results

- Question: Where do you live?

Over half of the individuals who responded to the survey live in the Town of Los Gatos, while 18% live in Downtown Los Gatos. 13% of the individuals who responded live in other locations such as Monte Sereno, Campbell, Los Gatos Mountains, and in unincorporated Los Gatos

**Table 1: Question Responses**

Answer Choices	Responses	
Downtown Los Gatos	18.03%	86
Town of Los Gatos	57.44%	274
Bay Area	11.11%	53
California	0.42%	2
Other state	0.00%	0
Other (please specify)	13.00%	62

- Question: Does your neighborhood have a residential parking permit program?

The majority of individuals live in neighborhoods that do not participate in the Town’s residential parking permit program. A majority of these individuals don’t believe that they need a residential parking permit. A small percentage of the respondents live in neighborhoods that do not participate in the residential parking permit program and would like to participate.

**Table 2: Question Responses**

Answer Choices	Responses	
Yes	12.64%	45
No, but I would like one	9.55%	34
No, I don’t need one	75.84%	270
Not sure	1.97%	7

- Question: Do you work in downtown Los Gatos?

Almost 80% of the survey respondents do not work in downtown Los Gatos.

**Table 3: Question Responses**

Answer Choices	Responses	
Yes (full time)	10.90%	51
Yes (part time)	9.83%	46
No	79.27%	371

- **Question: How often do you typically visit downtown Los Gatos?**

Only individuals who do not work downtown answered this question. Almost half of individuals who are not downtown workers frequently visit downtown Los Gatos multiple times per week. A very small percentage visit downtown less than once per month.

**Table 4: Question Responses**

Answer Choices	Responses	
Everyday	15.57%	57
Multiple times per week	47.51%	172
Multiple times per month	27.90%	101
Less than once per month	8.84%	32

- **Question: What was the primary purpose of your most recent visit to downtown?**

Only individuals who do not work downtown answered this question. Most non-downtown workers are either dining or shopping downtown during their most recent visit. Approximately 47% of all respondents visited downtown to dine, while approximately 31% were shopping. Approximately 18% of respondents specified that they were doing other activities during the most recent visit to downtown. Examples of other responses include going to church, taking kids to school or after school activities, hiking, running errands, going to the gym, walking around downtown and going to the movies.

**Table 5: Question Responses**

Answer Choices	Responses	
Working/business	4.10%	15
Shopping	31.15%	114
Dinning	46.99%	172
Other (please specific)	17.76%	366

- **Question: How long was your most recent visit?**

Only individuals who do not work downtown answered this question. Most respondents spent less than 2 hours in downtown Los Gatos during their most recent visit.

**Table 6: Question Responses**

Answer Choices	Responses	
Less than 30 minutes	5.98%	22
Less than a 1 hour	16.58%	61
Less than 2 hours	39.95%	147
Less than 3 hours	25.00%	92
Less than 4 hours	7.88%	29

More than 4 hours

4.62%

17

- **Question: What mode of transportation did you use to get downtown for your most recent visit?**

The majority of all respondents who do not work downtown took their personal vehicle during their most recent visit. None of the respondents took public transportation and only one individual utilized rideshare company. The majority of downtown workers took their personal vehicles during their most recent trip downtown. Downtown workers walked or biked at higher rates than non-downtown workers during their most recent visit.

**Table 7: Question Responses Non-downtown workers**

Answer Choices	Responses	
Walking	9.78%	36
Biking	2.17%	8
Public Transportation	0.00%	0
Rideshare	.27%	1
Personal Vehicle	87.77%	323

**Table 8: Question Responses Downtown Workers**

Answer Choices	Responses	
Walking	15.63%	15
Biking	3.13	3
Public Transportation	0.00%	0
Rideshare	0.00%	0
Personal Vehicle	81.25%	78

- **Question: How long did it take you to find parking for the most recent visit?**

In their most recent trip, most individuals who do not work downtown found that it took less than 5 minutes to find a parking space. However, the range of answers was limited to 21.5%-30%, showing that each of the 298 respondents are having very different parking experiences when they looked for a parking space during their last visit to downtown. The 71 downtown workers who responded are also having very different parking experiences when they looked for parking spaces the last time they drove to downtown. 27% of the respondents found parking spaces in less than 10 minutes and an additional 27% spent over 10 minutes looking for parking spaces

**Table 9: Question Responses Non-Downtown Workers**

Answer Choices	Responses	
Right away	21.48%	64
Less than 5 minutes	30.20%	90

Less than 10 minutes	24.83%	74
More 10 minutes	23.49%	70

**Table 10: Question Responses Downtown Workers**

Answer Choices	Responses	
Right away	25.35%	18
Less than 5 minutes	21.13%	15
Less than 10 minutes	26.76%	19
More 10 minutes	26.76%	19

- **Question: Where did you park for your most recent visit?**

Over half of non-downtown workers utilized public parking lots during their most recent visit to downtown. No respondents utilized the valet parking service available in Los Gatos. Over half of downtown workers also utilized public parking lots during their last trip to downtown. Downtown workers did not utilize the valet parking service.

**Table 11: Question Responses non downtown workers**

Answer Choices	Responses	
On the street	31.10%	93
Public parking lot	58.53%	175
Private parking lot	10.37%	31
Used valet	0.00%	0

**Table 12: Question Responses Downtown Workers**

Answer Choices	Responses	
On the street	21.13%	15
Public parking lot	63.38%	45
Private parking lot	15.49%	11
Used valet	0.00%	0

- **Question: How far from your destination did you park for your most recent visit?**

Most downtown visitors and downtown workers parked within 1 block of their destination during their recent visit.

**Table 13: Question Responses Non-Downtown Workers**

Answer Choices	Responses	
Within 1 block	34.45%	103
Less than 2 blocks	29.10%	87
Less than 3 blocks	27.09%	81

4 or more blocks	9.36%	28
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**Table 14: Question Responses Downtown Workers**

Answer Choices	Responses	
Within 1 block	39.44%	28
Less than 2 blocks	29.58%	21
Less than 3 blocks	16.90%	12
4 or more blocks	14.08%	10

- **Question: Based on your most recent visit, would you have been willing to pay for parking it meant you could park in a more convenient space?**

The majority of both non-downtown workers and downtown workers who visit downtown are not willing to pay for parking even if it meant that they could find a more convenient parking space in downtown Los Gatos. However, more downtown workers would be more willing to pay than downtown visitors.

**Table 15: Question Responses Non- Downtown Workers**

Answer Choices	Responses	
Yes, I would be willing to pay for parking	15.10%	45
No, I am not willing to pay for parking	84.90%	253

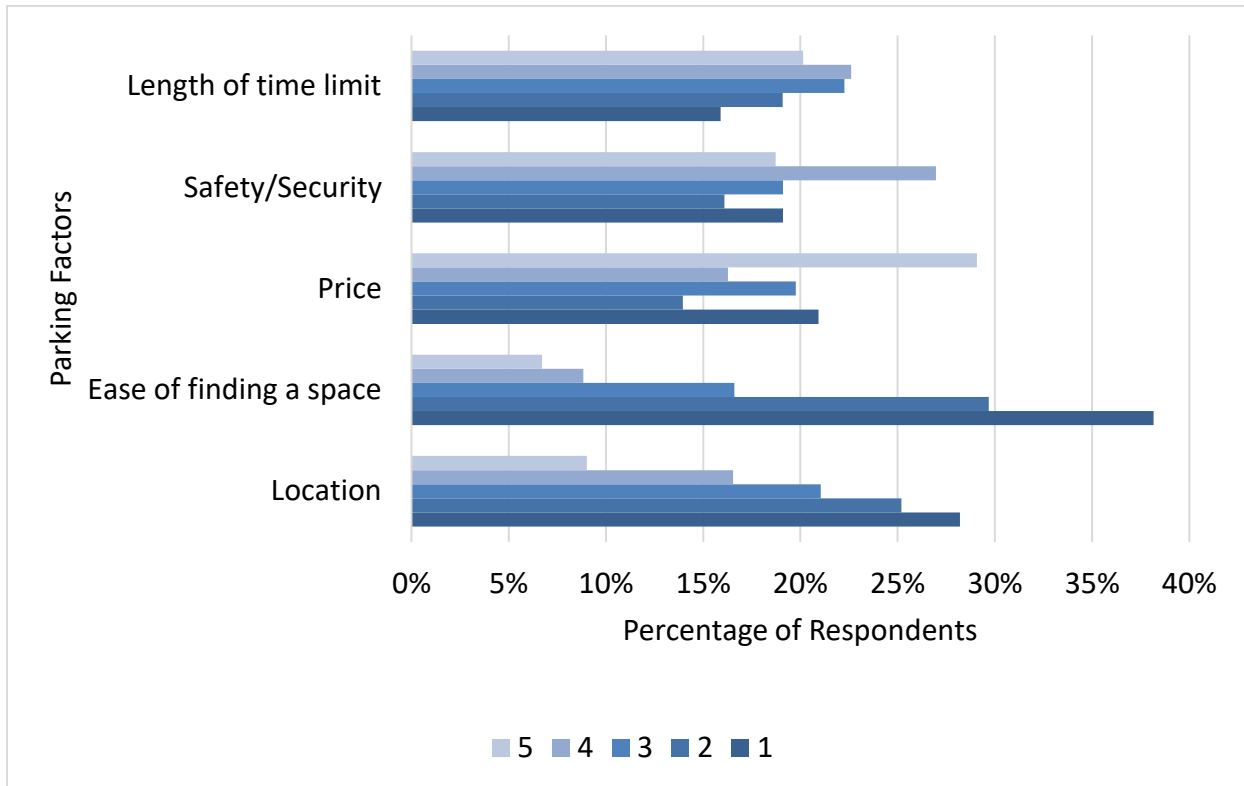
**Table 16: Question Responses Downtown Workers**

Answer Choices	Responses	
Yes, I would be willing to pay for parking	23.61%	17
No, I am not willing to pay for parking	76.39%	72

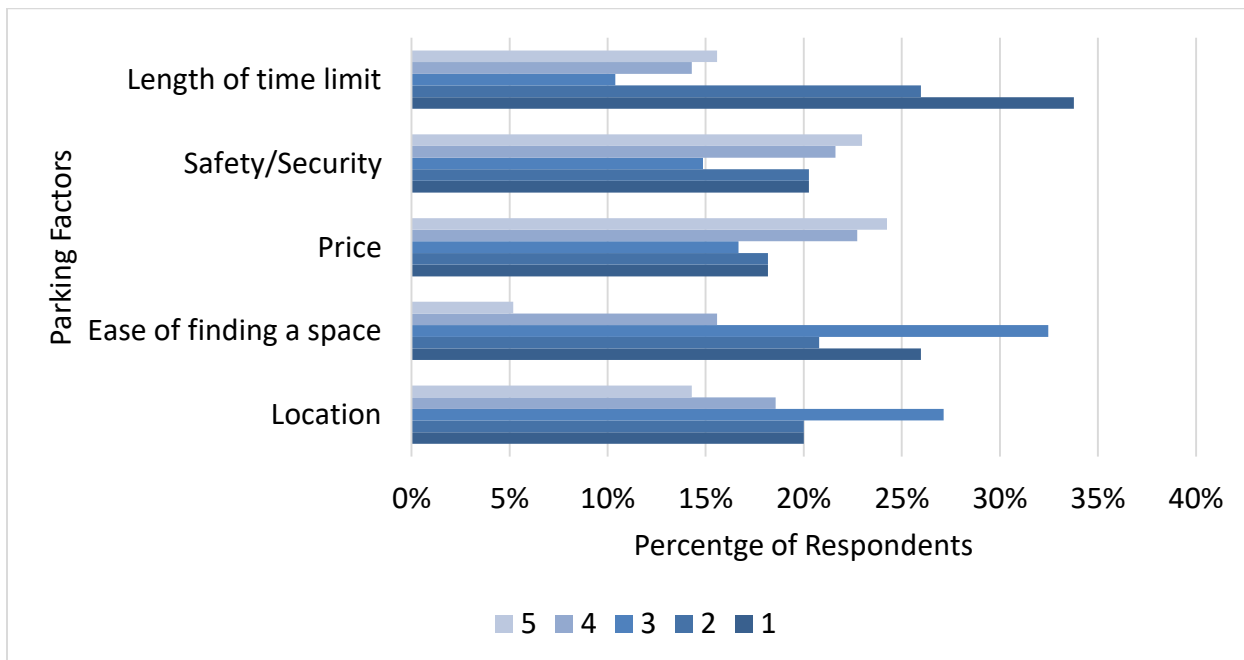
- **Question: Typically, when you drive (or if you were to drive) to a destination, how would you rank the following factors when deciding where to park? (Rank from 1= Most Important to 5= Least Important)**

The majority of non-downtown workers ranked ease of finding a space as the most important factor when determining where to park in downtown. Location and price are also important factors when looking for parking. Downtown workers ranked length of time limits as the most important factor when determining where to park. Ease of finding a parking space and safety are other important factors for downtown workers.

**Table 17: Question Responses: Non Downtown Workers**



**Table 18: Question Responses: Downtown Workers**

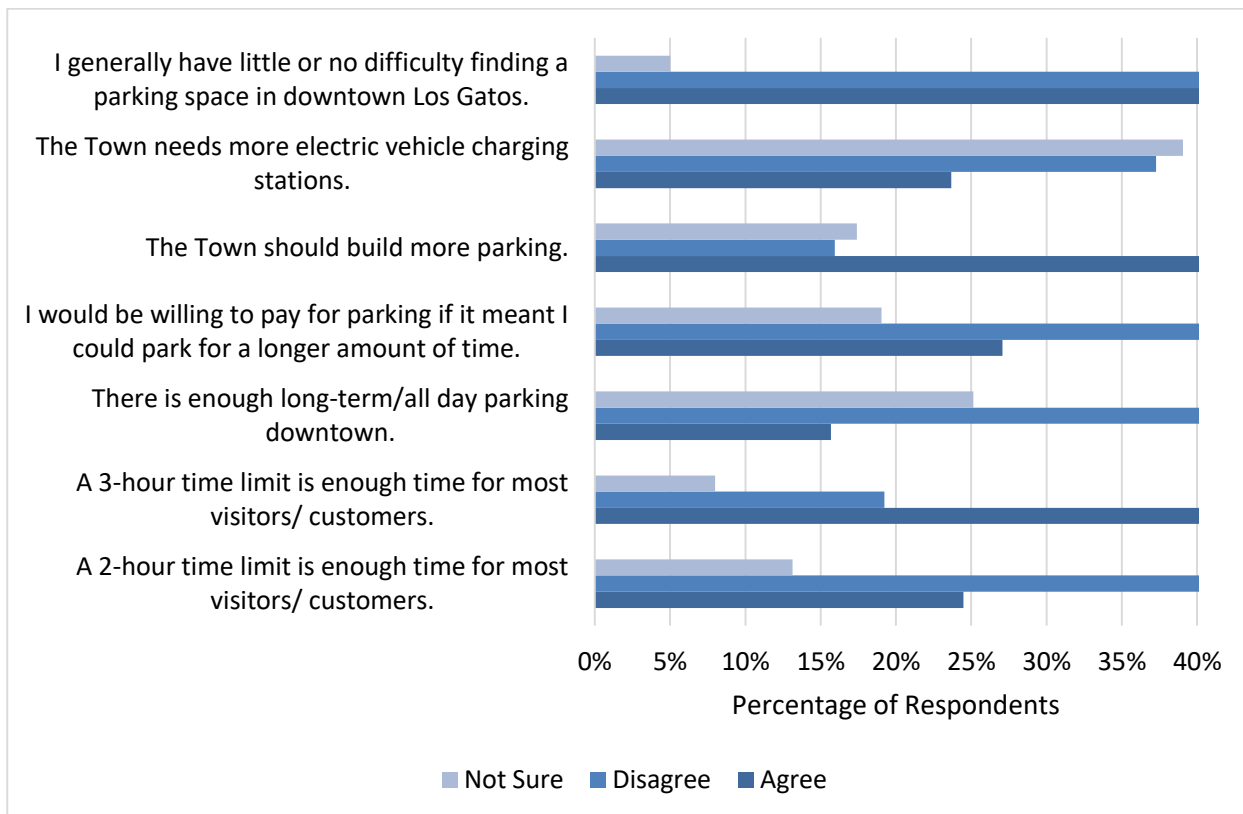


- Question: For the following, select Agree, Disagree, or Not Sure:

The majority of non-downtown workers felt that the 3-hour time limit is enough time for most visitors or commuters and that the Town should build more parking. A majority of non-downtown workers disagreed that the 2-hour time limits were enough time for most visitors or commuters and that there is enough long term/all day parking in downtown.

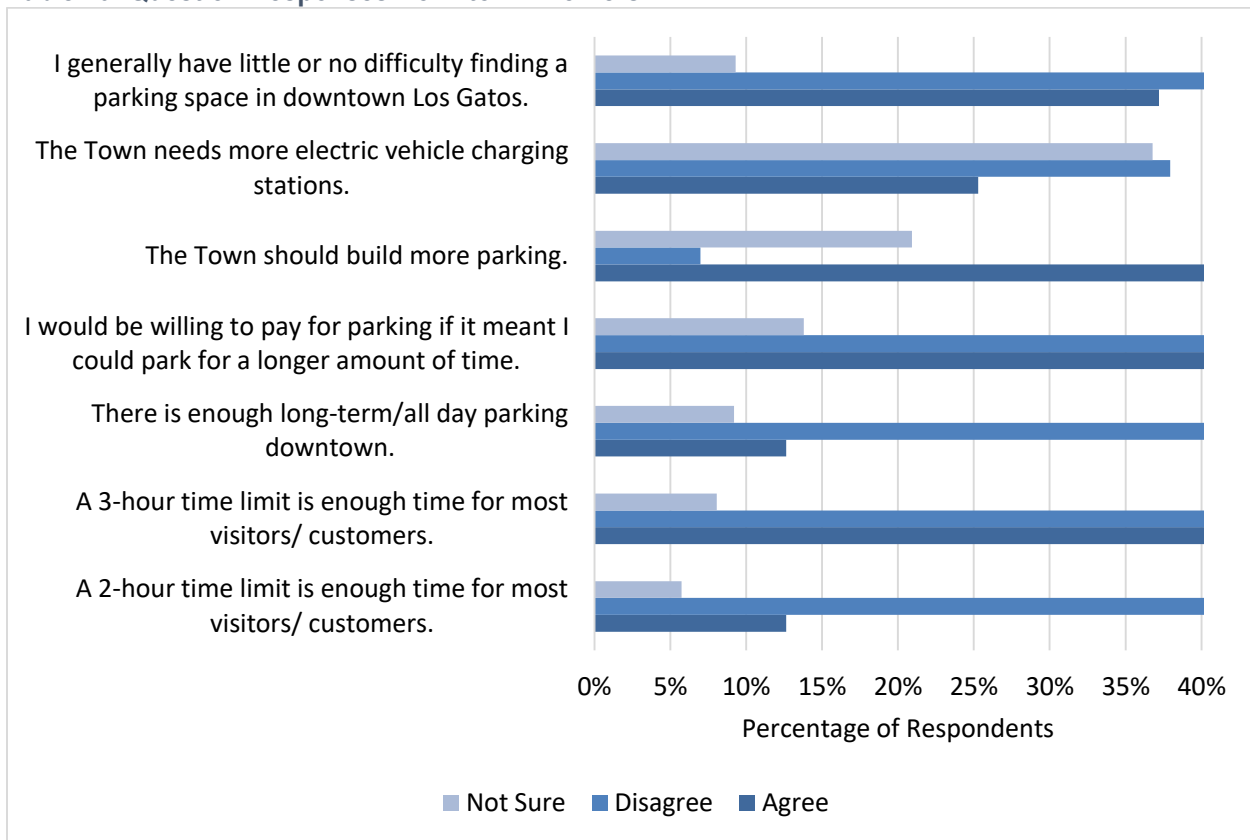
The majority of downtown workers also agreed that the 3-hour time limit is enough time for most visitors or commuters and that the Town should build more parking. A majority of downtown workers also disagreed that the 2-hour time limits were enough time for most visitors or commuters. Downtown workers also disagreed that there is enough long term/all day parking downtown.

**Table 19: Question Responses Non-Downtown Workers**





**Table 20: Question Responses Downtown Workers**



- Question: Would you come to downtown Los Gatos more often for leisure activities (dining, recreation, shopping) if parking was easier to find?

Both non-downtown workers and downtown workers said that they would come to downtown Los Gatos more often for leisure activities if parking was easier to find.

**Table 21: Question Responses Non-Downtown Workers**

Answer Choices	Percentage	Responses
Yes	76.04%	257
No	23.96%	81

**Table 22: Question Responses Downtown Workers**

Answer Choices	Percentage	Responses
Yes	77.91%	67
No	22.09%	86

- Question: What would you change about parking in Los Gatos?

282 individuals responded to this open ended question which hoped to gather additional parking needs of those who visit downtown Los Gatos. These answers were collected from non-downtown workers. A majority of all respondents complained that there is not enough parking in downtown and that additional on and off-street parking needs to be added, many of whom welcome a new parking structure. Many individuals also believe that time limits need to be increased or removed all together; they believe that there is not enough time to do all of their activities with the current time limits. Many individuals were frustrated by the one-way pilot program, as well as the parklets downtown. A number of individuals suggested signage should be added to direct drivers to the closest parking spaces and being able to use private parking lots after businesses are closed.

77 downtown workers also responded to this question. Many downtown workers also find that the time limits are too short and they worry about having to move their vehicles or get a ticket during their shift. Many workers also welcome the addition of a new parking structure that be open for long term parkers.

- **Question: How far are you willing to walk for a guaranteed parking space?**

A majority of downtown workers would be willing to walk up to three blocks if they would be guaranteed a parking space. Several respondents needed a space at their work or within one block of their work.

**Table 23: Question Responses**

Answer Choices	Responses	
I need a space at my work	10.34%	9
One block	10.34%	9
Two blocks	31.03%	27
Three blocks	48.28%	87

- **Question 18: How much would you be willing to pay for a downtown parking permit per month if it meant you could easily find parking?**

Only individuals who work downtown answered this question.

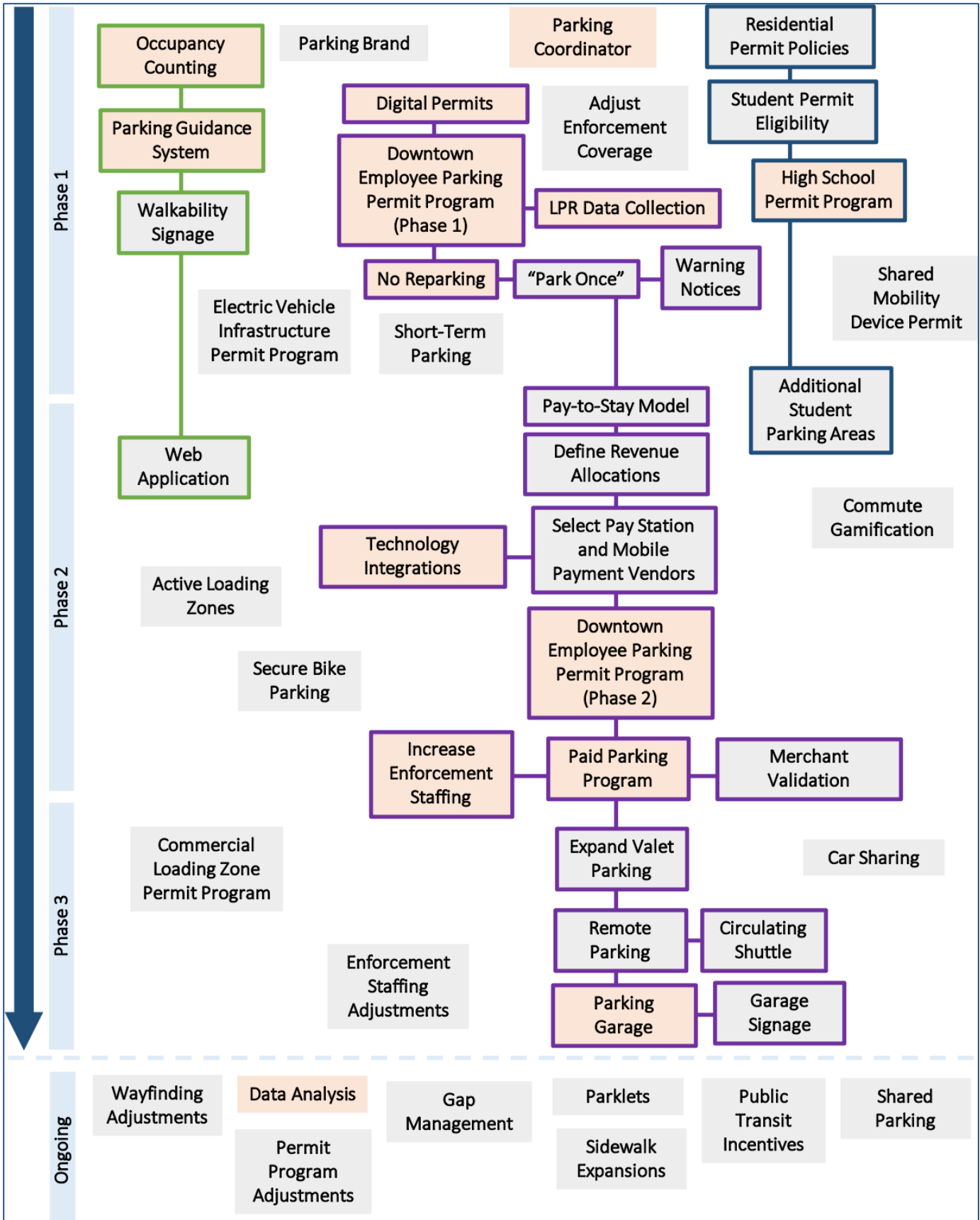
A majority of downtown workers would not be willing to pay for a merchant parking permit. Of those who would be willing to pay for parking permits a majority would pay under \$50 a month. One individual mentioned that they would want to pay the same as the residential parking permit that has an annual fee of \$42. Several individuals would pay \$100 or more per month for a parking permit.

**Table 23: Question Responses Downtown Workers**

Answer Choices	Responses	
I would not be willing to pay for a permit	70.11%	61
I would be willing to pay for a permit- enter amount per month	29.89%	26

## Appendix C: Parking Data Analysis

# Parking Roadmap





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019  
ITEM NO: 19  
ADDENDUM

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DATE: December 16, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the Comprehensive Downtown Parking Report – “Parking Roadmap”  
and Provide Direction for Next Steps

DISCUSSION:

The following question was received from a Council Member:

**Question:** Did the parking consultant make a recommendation as to the number of parking spaces to be used as parklets/removed from parking inventory?

**Response:** Indirectly, yes. The review was done to provide information for a potential streetscape project where greater amounts of parking would be impacted. The parking consultant looked at the impact of removing parking along Main Street from the Hwy 17 bridge to Lyndon Avenue and along North Santa Cruz Avenue from Main Street to Highway 9. The analysis was done by incrementally assuming parking would be removed from a block and identifying where those vehicles could be accommodated off-street. The consultant’s analysis shows that with removal of all of the on-street parking, parking occupancy reaches 85% or greater in all lots. The parklet program as currently implemented would eliminate a fraction of that amount of parking. Please note that staff has not yet reviewed this analysis and related assumptions in detail, which is why it has not been included in the report.

In addition, the results from the second survey are provided as Attachment 3. This survey was sent to gather input on recommendations and to alert residents of the upcoming topic at the Town Council meeting.

Prior to 11:00 a.m. on Monday, December 16, 2019, the attached (Attachment 4) public comment was received.

PREPARED BY: Matt Morley  
Parks and Public Works Director

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Reviewed by: Town Manager and Assistant Town Manager

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PAGE 2 OF 2

SUBJECT: Receive the Comprehensive Downtown Parking Report – “Parking Roadmap” and  
Provide Direction for Next Steps

DATE: DECEMBER 16, 2019

ATTACHMENTS RECEIVED WITH ORIGINAL STAFF REPORT:

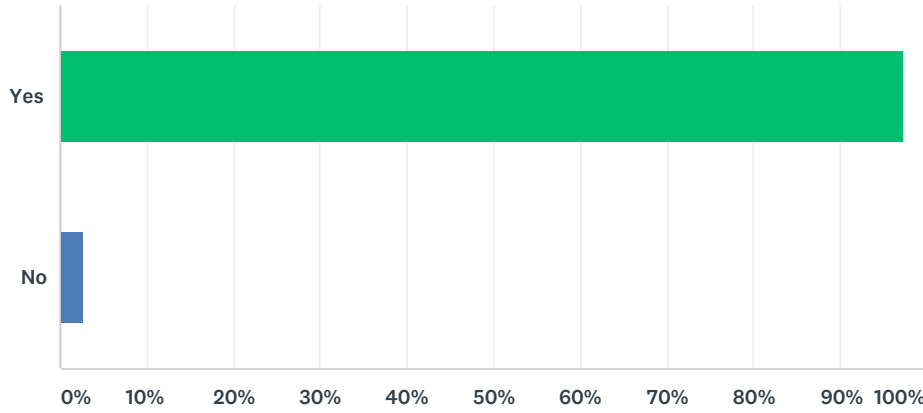
1. Comprehensive Downtown Parking Report – “Parking Roadmap”
2. Parking Roadmap Graphic

ATTACHMENTS RECEIVED WITH THIS ADDENDUM:

3. Second Parking Study Survey
4. Emails received as of 11:00 am on December 16, 2019

### Q1 Do you live in the Town of Los Gatos?

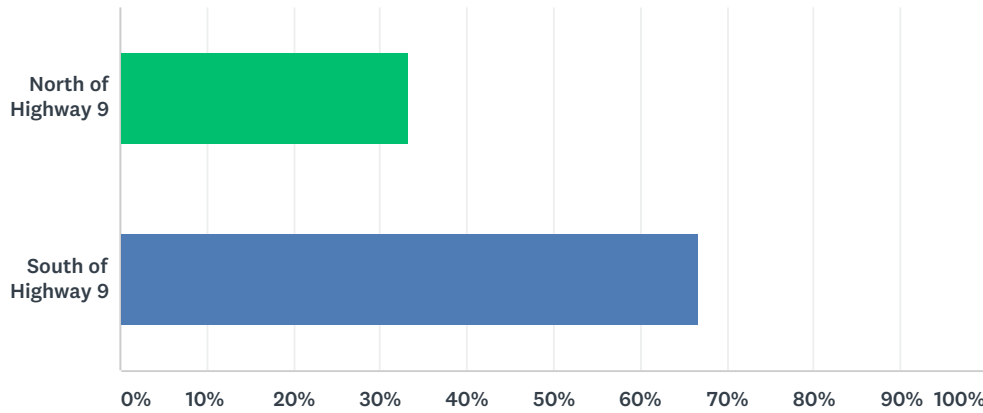
Answered: 188 Skipped: 1



ANSWER CHOICES	RESPONSES	
Yes	97.34%	183
No	2.66%	5
TOTAL		188

## Q2 Which area best describes where you live?

Answered: 180 Skipped: 9

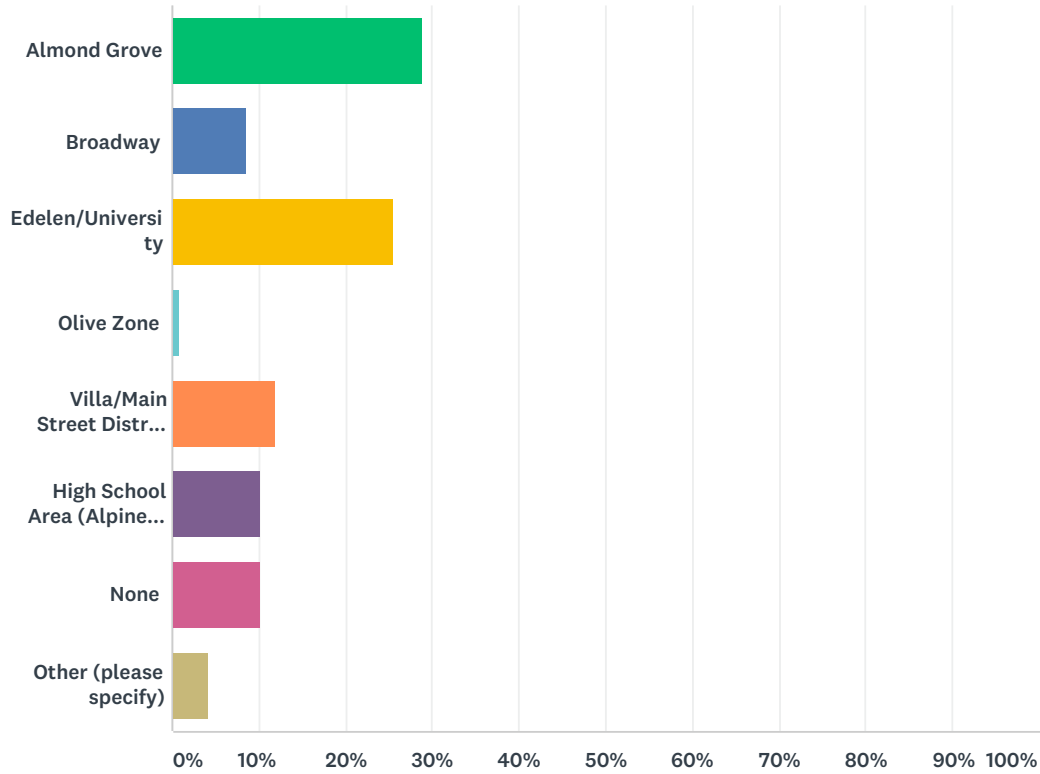


ANSWER CHOICES	RESPONSES	
North of Highway 9	33.33%	60
South of Highway 9	66.67%	120
TOTAL		180



### Q3 Which Residential Parking Permit Area do you live in?

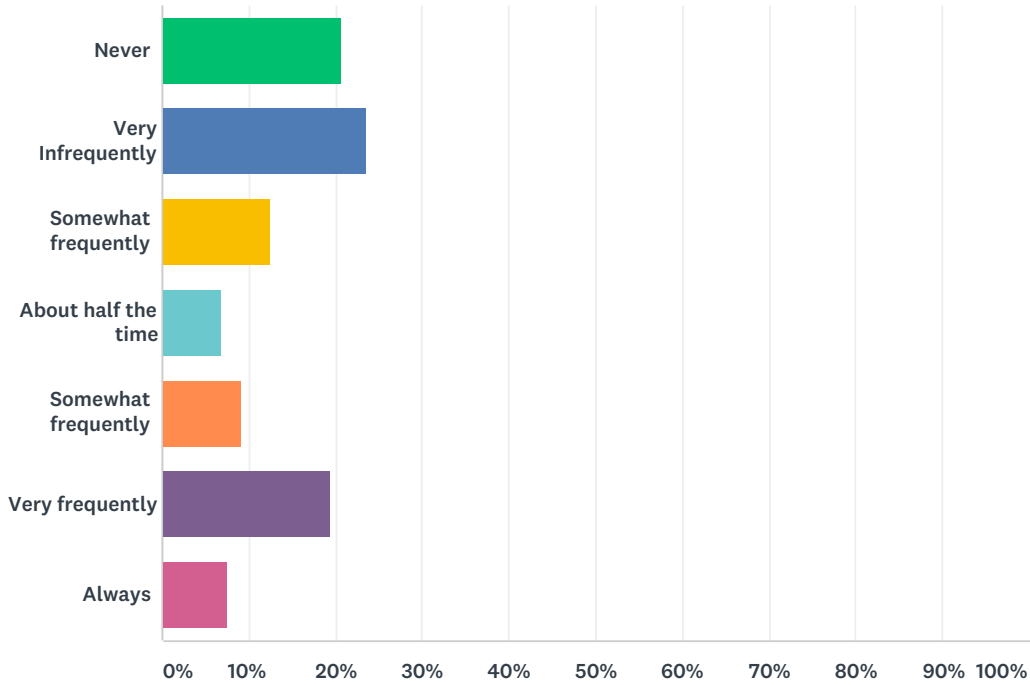
Answered: 118 Skipped: 71



ANSWER CHOICES	RESPONSES	
Almond Grove	28.81%	34
Broadway	8.47%	10
Edelen/University	25.42%	30
Olive Zone	0.85%	1
Villa/Main Street District	11.86%	14
High School Area (Alpine, Johnson, Pleasant, Loma Alta, Stacia, etc.)	10.17%	12
None	10.17%	12
Other (please specify)	4.24%	5
<b>TOTAL</b>		<b>118</b>

### Q4 On your block, how often are all of the on-street spaces occupied?

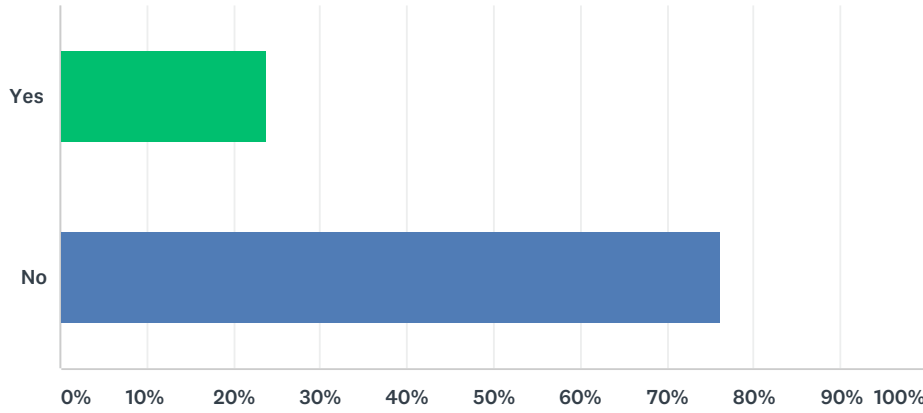
Answered: 174 Skipped: 15



ANSWER CHOICES	RESPONSES	
Never	20.69%	36
Very Infrequently	23.56%	41
Somewhat frequently	12.64%	22
About half the time	6.90%	12
Somewhat frequently	9.20%	16
Very frequently	19.54%	34
Always	7.47%	13
<b>TOTAL</b>		<b>174</b>

### Q5 Do you work in Los Gatos

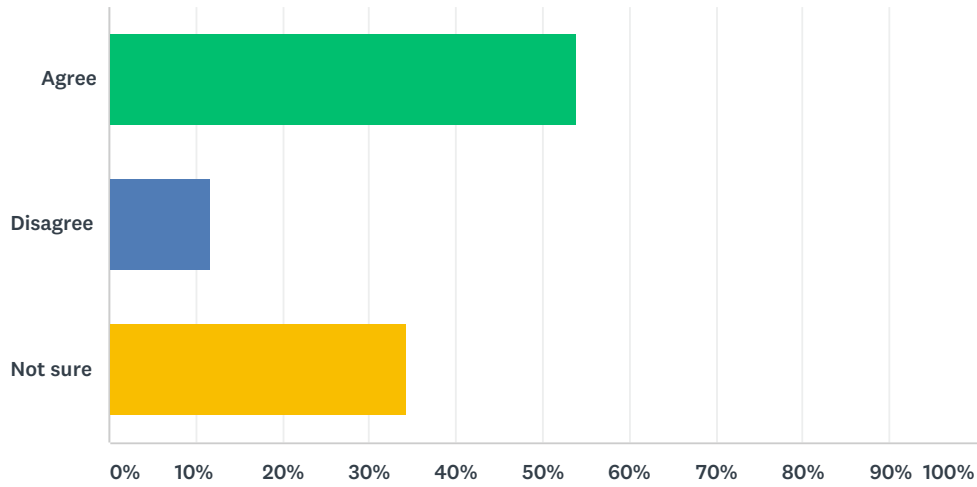
Answered: 180 Skipped: 9



ANSWER CHOICES	RESPONSES	
Yes	23.89%	43
No	76.11%	137
TOTAL		180

### Q6 Some Downtown employees park on-street outside of businesses in time limit spaces:

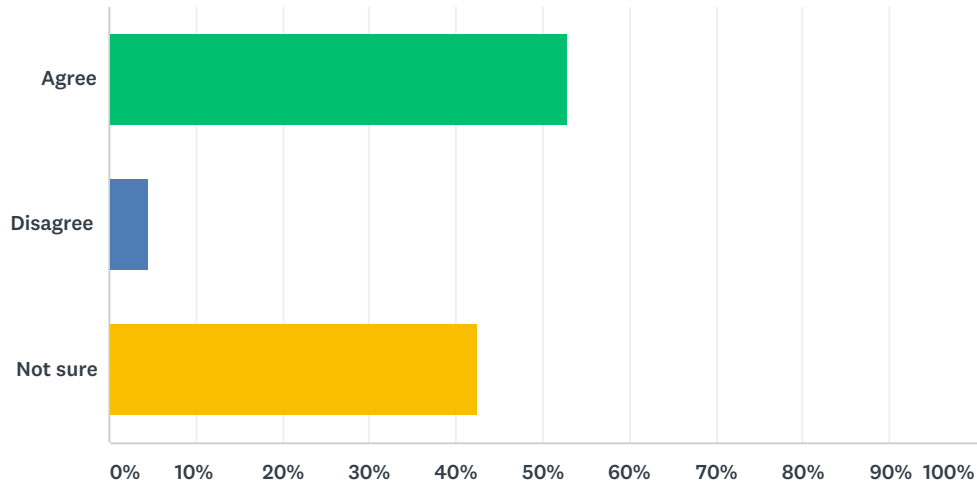
Answered: 172 Skipped: 17



ANSWER CHOICES	RESPONSES
Agree	54.07% 93
Disagree	11.63% 20
Not sure	34.30% 59
TOTAL	172

### Q7 Some downtown employees already park on surrounding residential streets:

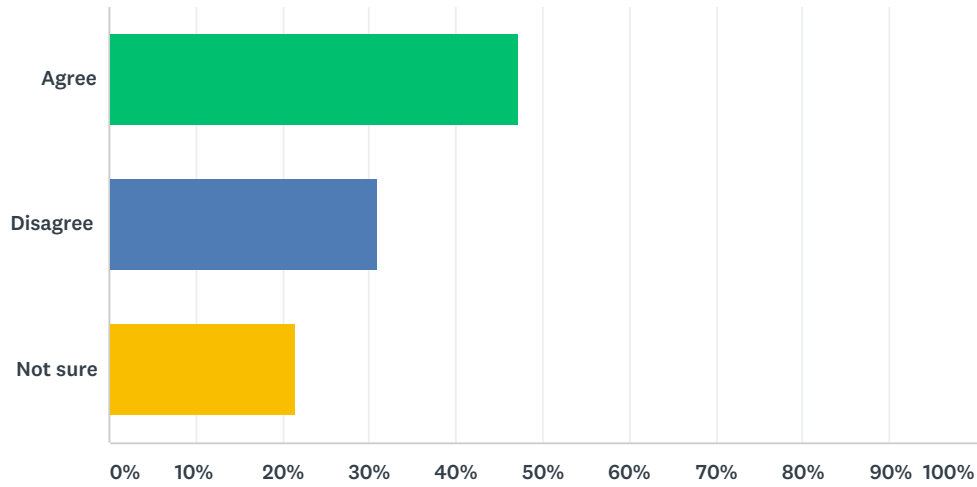
Answered: 172 Skipped: 17



ANSWER CHOICES	RESPONSES	
Agree	52.91%	91
Disagree	4.65%	8
Not sure	42.44%	73
TOTAL		172

### Q8 Some residential streets near Downtown can accommodate a small amount of employee permit parking:

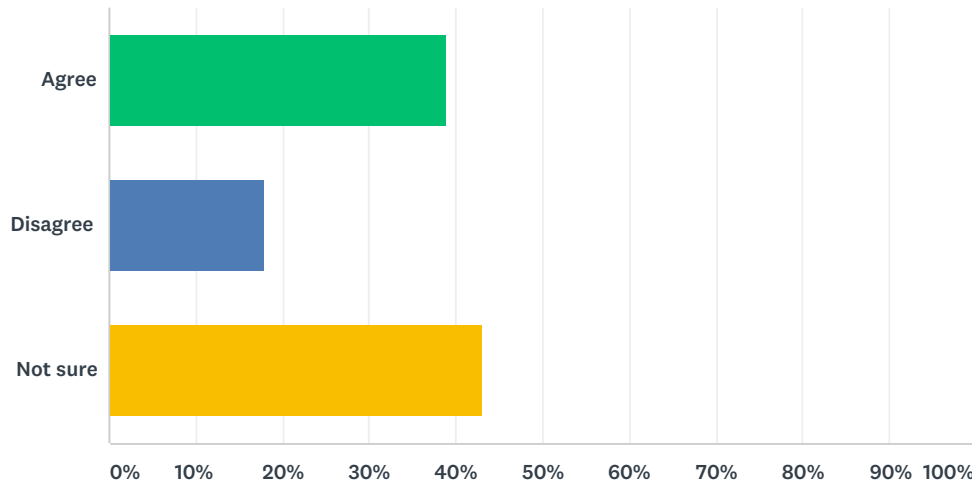
Answered: 171 Skipped: 18



ANSWER CHOICES	RESPONSES	
Agree	47.37%	81
Disagree	30.99%	53
Not sure	21.64%	37
TOTAL		171

### Q9 As long as the permit cost is affordable, most Downtown employees will voluntarily participate in a Downtown Employee Permit Parking Program:

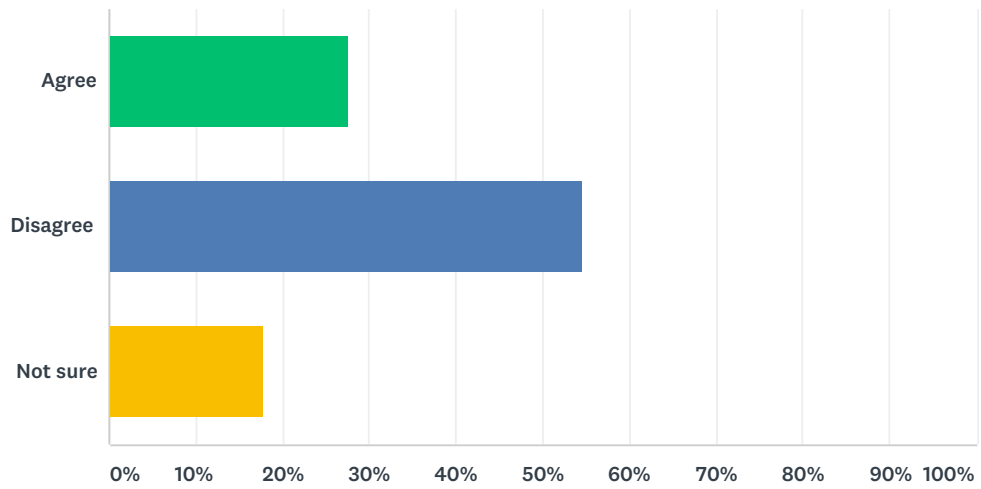
Answered: 172 Skipped: 17



ANSWER CHOICES	RESPONSES	
Agree	38.95%	67
Disagree	18.02%	31
Not sure	43.02%	74
TOTAL		172

### Q10 There are enough long-term parking options for customers and visitors Downtown:

Answered: 163 Skipped: 26

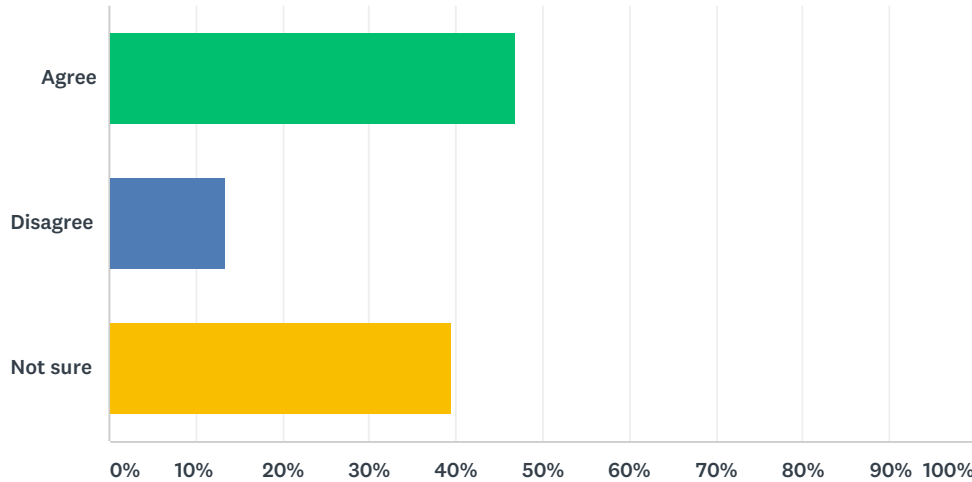


ANSWER CHOICES	RESPONSES
Agree	27.61% 45
Disagree	54.60% 89
Not sure	17.79% 29
TOTAL	163



**Q11 If drivers are not allowed to repark within 150 ft in time limit spaces, more employees would be motivated to participate in a Downtown Employee Permit Parking Program:**

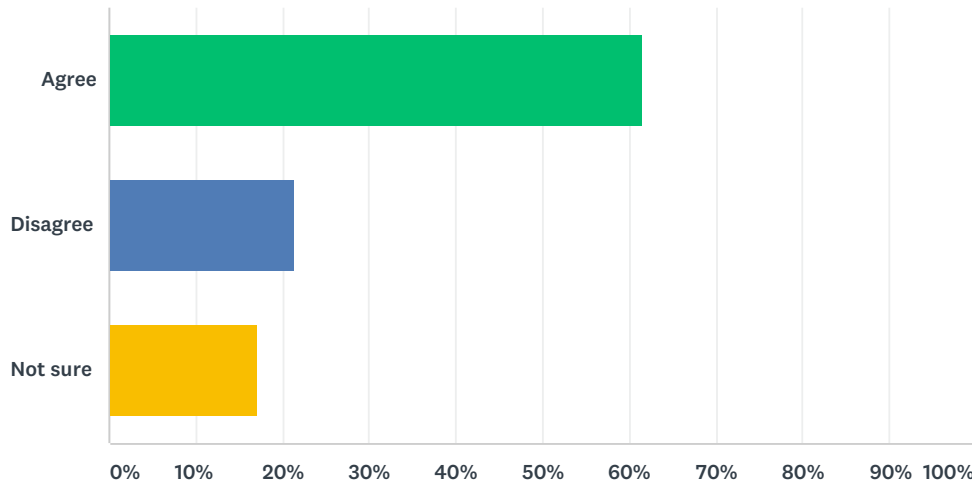
Answered: 164 Skipped: 25



ANSWER CHOICES	RESPONSES	
Agree	46.95%	77
Disagree	13.41%	22
Not sure	39.63%	65
TOTAL		164

**Q12 If drivers could still park for free for 2 hours but also have the option to stay longer for an hourly rate, customers and visitors would have more flexibility when visiting Downtown:**

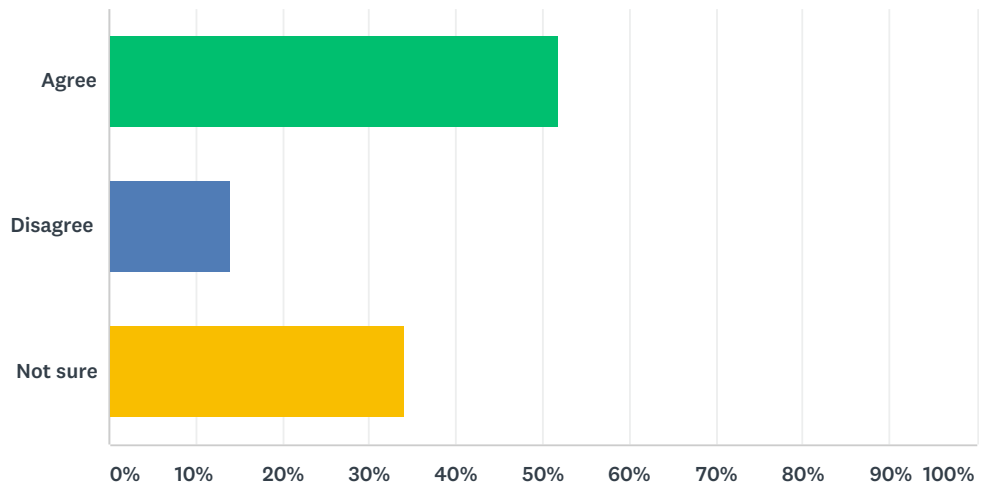
Answered: 164 Skipped: 25



ANSWER CHOICES	RESPONSES	
Agree	61.59%	101
Disagree	21.34%	35
Not sure	17.07%	28
TOTAL		164

### Q13 If parking sessions longer than 2 hours are paid, this would encourage most employees to purchase an employee parking permit:

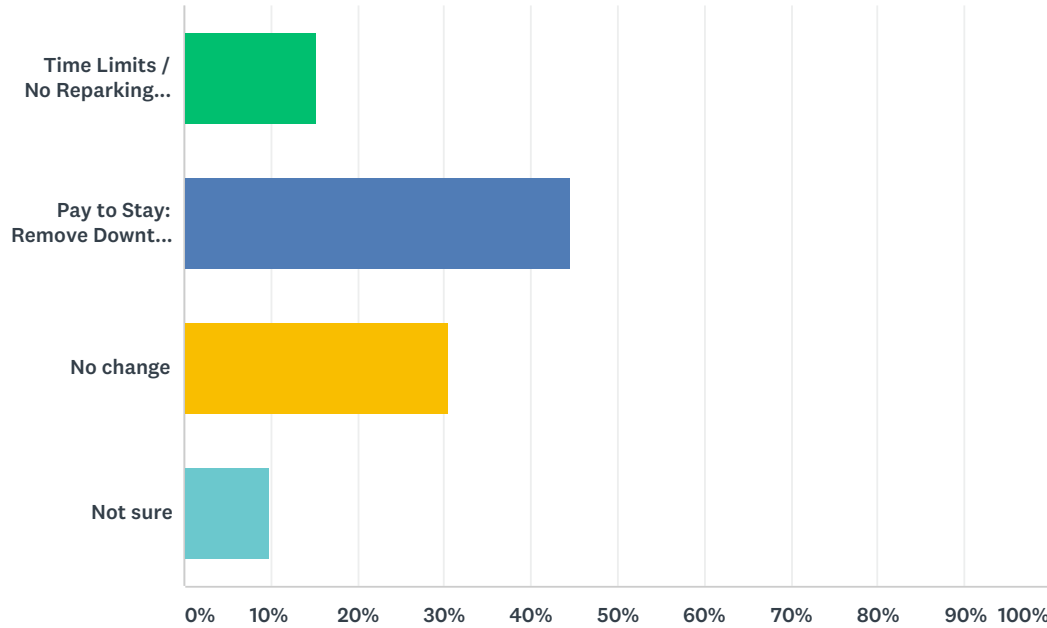
Answered: 164 Skipped: 25



ANSWER CHOICES	RESPONSES	
Agree	51.83%	85
Disagree	14.02%	23
Not sure	34.15%	56
TOTAL		164

### Q14 Which of the following options do you personally prefer?

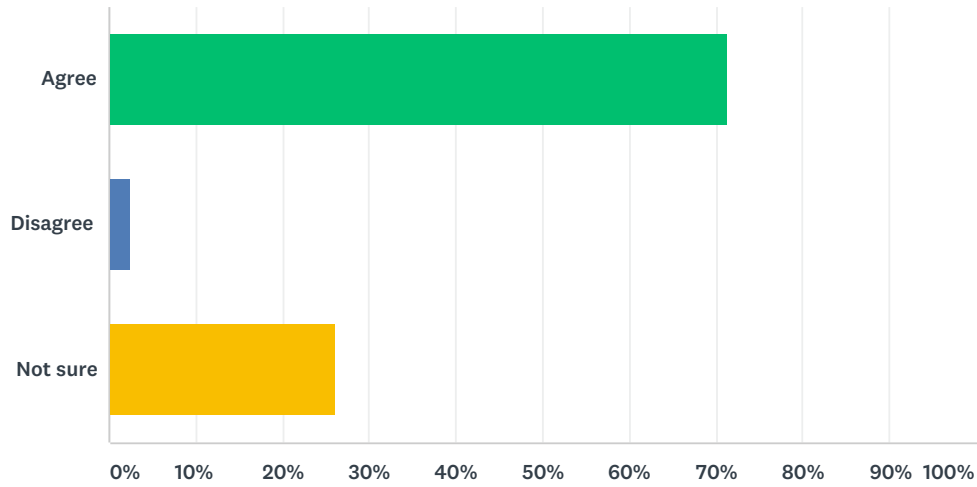
Answered: 164 Skipped: 25



ANSWER CHOICES	RESPONSES
Time Limits / No Reparking: Maintain Downtown time limits and implement a no reparking within 150 ft. rule. This option would include the extension of some time limits to provide more long-term parking options as needed.	15.24% 25
Pay to Stay: Remove Downtown time limits and implement pay stations (multi-space meters/kiosks) and a mobile application that would allow drivers to park for free for 2 - 3 hours per day, followed by an hourly rate of \$1 - \$2 per hour to stay for longer. This option could include a merchant validation program.	44.51% 73
No change	30.49% 50
Not sure	9.76% 16
<b>TOTAL</b>	<b>164</b>

### Q15 Some high school students already park on nearby residential streets:

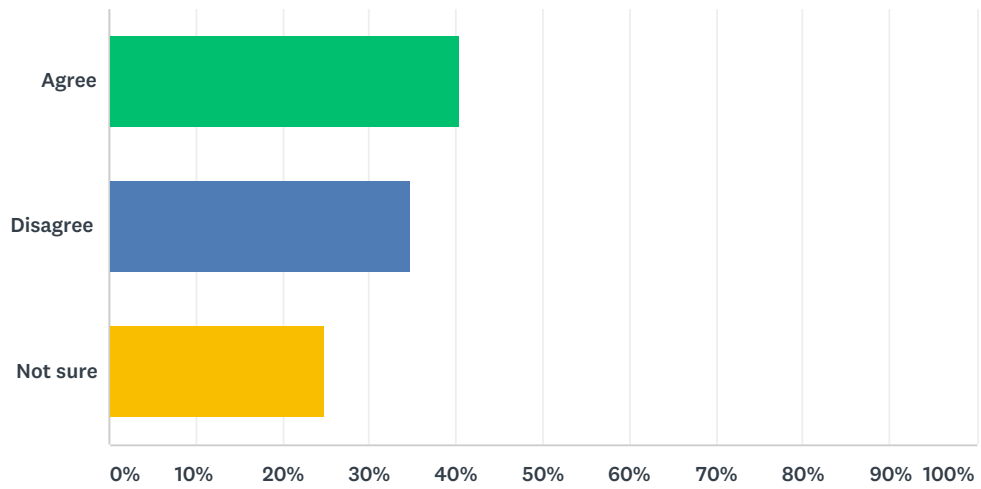
Answered: 161 Skipped: 28



ANSWER CHOICES	RESPONSES
Agree	71.43% 115
Disagree	2.48% 4
Not sure	26.09% 42
TOTAL	161

### Q16 Some residential streets can accommodate a small amount of student parking:

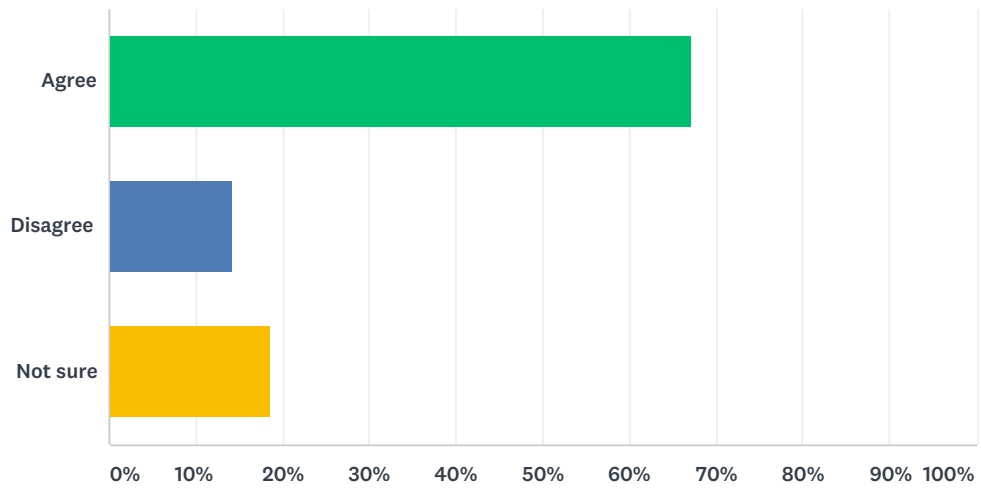
Answered: 161 Skipped: 28



ANSWER CHOICES	RESPONSES	
Agree	40.37%	65
Disagree	34.78%	56
Not sure	24.84%	40
TOTAL		161

### Q17 The Town should allow residents surrounding the High School to enact residential permit parking restrictions:

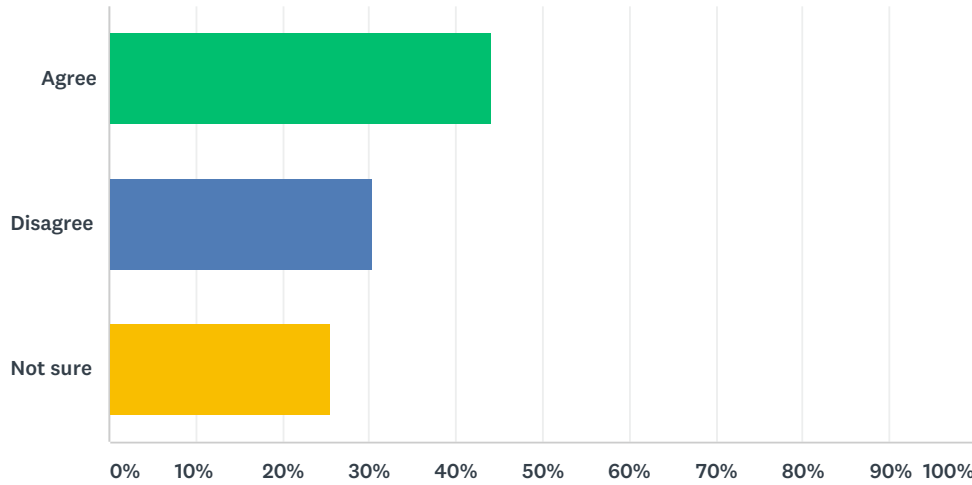
Answered: 161 Skipped: 28



ANSWER CHOICES	RESPONSES	
Agree	67.08%	108
Disagree	14.29%	23
Not sure	18.63%	30
TOTAL		161

Q18 The Town should allow a small number of students to park on designated residential streets that are spread out in various locations to mitigate parking and traffic congestion (this could be managed through a permit parking program).

Answered: 161 Skipped: 28



ANSWER CHOICES	RESPONSES	
Agree	44.10%	71
Disagree	30.43%	49
Not sure	25.47%	41
TOTAL		161



Q19 Please provide your email address if you would like to receive more information on this parking study as it becomes available.

Answered: 78 Skipped: 111

**From:** Robert Lipp <[ebob@2lipps.com](mailto:ebob@2lipps.com)>

**Sent:** Thursday, December 12, 2019 3:06 PM

**To:** Council <[Council@losgatosca.gov](mailto:Council@losgatosca.gov)>; Town Manager <[Manager@losgatosca.gov](mailto:Manager@losgatosca.gov)>

**Subject:** Handicapped Parking

Dear Council members,

The parking study appears to have overlooked handicapped parking. No mention appears in the presentation.

Los Gatos is a handicapped unfriendly town. All the handicapped parking is rather far from N. Santa Cruz Ave businesses. This was brought home to me a few years ago when I was in crutches for a while.

Most handicapped people are able to walk, but not far. A block can be a long painful forever trek to someone with pulmonary disease, cardiac problems or a bad back or legs.

I would ask you to add considerations for the handicapped in your future plans. In particular, N. Santa Cruz should be considered one big parking lot with the same minimum number of handicapped parking spots as you would require for any commercial parking lot. Such spots should be scattered along the street, e.g. maybe one per block on alternate sides.

Thanks and Regards,

Robert Lipp

**From:** [Jamie Palasky](#)  
**To:** [Parking Study](#)  
**Subject:** High school Area Permit Parking  
**Date:** Tuesday, December 10, 2019 8:46:35 PM

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I would not be opposed to the Town issuing a limited number of permits to allow high school students to park in permit areas as long as there is increased enforcement to prevent illegal parking. Residents need the parking we pay for, but I realize that there might some parking that could be made available for students. This might mean changing the 90-minute parking to “permit only.”

Jamie Palasky  
181 Villa Ave  
Los Gatos 95030

Sent from my iPad

**From:** [Alice A Miano](#)  
**To:** [Parking Study](#)  
**Subject:** Input re: parking study  
**Date:** Thursday, December 12, 2019 1:54:32 PM

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Hello,

I am a longtime Los Gatos resident (over 50 years) and currently reside in the Almond Grove at 55 Tait, where I've been for 22 years.

I write to oppose any proposal to permanently make Santa Cruz Ave. a one-way street. While the parklets were a nice addition, as the report notes, they did not have their desired effect--we did not get more foot traffic downtown.

What the report does not mention, however, are the traffic issues that increased on side streets like mine, the safety concerns of our neighbors on University who were impacted with greater traffic and less mobility, the general inconvenience to all, and the unsightly signs and street markings that damaged the 'look' of an otherwise charming downtown.

Add a few parklets if you like, but please don't go back to making our downtown look like a construction zone.

Thank you,  
Ali Miano

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Alice A. Miano, Ph.D.  
Coordinator, Spanish Language Program  
Stanford University

**From:** [frank Pollese](#)  
**To:** [Parking Study](#)  
**Date:** Saturday, December 14, 2019 3:31:41 PM

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I pay for a parking permits every year but why should I when you don't enforce the laws. I live on Nicholson Avenue and haven't seen anyone get a ticket for parking on my street after 6pm for at least a year.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019  
ITEM NO: 19  
DESK ITEM

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DATE: December 17, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the Comprehensive Downtown Parking Report – “Parking Roadmap”  
and Provide Direction for Next Steps

DISCUSSION:

Attachment 5 includes public comments received between 11:01 a.m. Monday December 16, 2019 and 11:00 a.m. Tuesday, December 17, 2019.

ATTACHMENTS RECEIVED WITH ORIGINAL STAFF REPORT:

1. Comprehensive Downtown Parking Report – “Parking Roadmap”
2. Parking Roadmap Graphic

ATTACHMENTS RECEIVED WITH ADDENDUM:

3. Second Parking Study Survey
4. Emails received as of 11:00 am on December 16, 2019

ATTACHMENTS RECEIVED WITH THIS DESK ITEM:

5. Attachment 5 includes public comment received between 11:01 a.m. Monday, December 16, 2019 and 11:00 a.m. Tuesday, December 17, 2019

PREPARED BY: Matt Morley  
Parks and Public Works Director

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Reviewed by: Town Manager and Assistant Town Manager

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**From:** perry gardner  
**Sent:** Monday, December 16, 2019 7:11 PM  
**To:** Parking Study <PStudy@losgatosca.gov>  
**Subject:** parking permits for non-residents

Good evening - This sounds like you are trying to address a problem that does not exist - very much like the parklet / one-way trial. Parking is a problem for local business employees because they can't walk more than a block from the car to their job. You can help the problem by enforcing the hourly limits. That would help free up spaces for shoppers. Need some extra spaces? Sell permits for parking spaces at store, businesses and churches. Give them the money that is generated.

--

Perry Gardner  
215 University



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 20

---

DATE: December 12, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive an Update on the Parklet Pilot Program and Provide Direction on:  
a. Parking Space Usage for Specific Parklet Applications Along W. Main Street and Montebello Avenue, and E. Main Street  
b. Maximum Number of Spaces Allotted Per Business Parklet and the Related Maximum Number of Parking Spaces Removed from the Parking Inventory;  
c. Future Parklet Applications; and  
d. Any Additional Pilot Program Input.

**RECOMMENDATION:**

Receive an update on the Parklet Pilot Program and provide direction on:  
a. Parking space usage for specific parklet applications along W. Main Street and Montebello Avenue, and E. Main Street  
b. Maximum number of spaces allotted per business and the related maximum number of parking spaces removed from the parking inventory  
c. Future parklet applications; and  
d. Any additional pilot program input.

**BACKGROUND:**

At its February 5, 2019 meeting, the Town Council unanimously voted to approve a pilot parklet program as a public-private parklet partnership for Downtown along Main Street and N. Santa Cruz Avenue. On May 7, 2019, the Council voted to expand the pilot further to include side streets within the C-2/Downtown zone given the business interest in the program.

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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DISCUSSION:

Since the adoption of the parklet pilot program, staff has worked closely with businesses and property owners to answer questions, process applications, and issue building permits. During this summer's one-way pilot program on N. Santa Cruz Avenue, many businesses experienced how the community embraced the parklets and this further encouraged restaurants to participate in the parklet pilot program.

To date, staff has received seven applications, three of which have been issued building permits. The remaining applications are at various stages in the process. There are an additional three to four businesses that have contacted staff and reported that they intend to submit applications soon. Below is a summary of the applications received and their status.

Business Address	Business Name	# of Spaces	Application Status
81 W. Main St	Zona Rosa	2	Building permit pending
109 W. Main St	Centonove	2	Under construction
217 N. Santa Cruz Ave	Rootstock	3	Under construction
9 N. Santa Cruz Ave	Pizza My Heart	2	Building permit pending
145 W. Main St	Vacant/fully leased to new restaurant	Requested 4 spaces*	First comments issued, applicant preparing resubmittal. *Requested four continuous spaces on Montebello, second option, two spaces on Montebello and two spaces on Main.
27-35 E. Main St	27 - Southern Kitchen 29 - Billy's Boston Chowder House 33 - Vacant 35 - Namaste	4	First comments issued, applicant preparing resubmittal
21 N. Santa Cruz	Andale	2	Building permit pending

Staff has found that the interest from businesses is high, and most businesses are looking to occupy as many parking spaces as possible that extend in front of their businesses' building frontage. With such a high interest and desire for maximum parking spot occupation, staff felt it appropriate to check in with the Town Council to understand if there is a desire to modify any of the parameters of the parklet pilot program or cap the number of parklets that may participate in the program at this time.

Staff would also like to receive direction from the Council on a particular parklet proposal that presents a unique situation. There is an active application for a parklet at 145 W. Main Street. This is a new restaurant that would occupy the former Le Boulanger space and expects to open

DISCUSSION (continued):

in spring/summer of 2020. There are six on-street parking spaces located directly in front of the business, two parallel parking spaces along W. Main Street and four diagonal spaces along Montebello Avenue. The business has expressed their understanding and appreciation for maximizing both outdoor seating and parking availability within downtown and thus applied for a parklet on four of the six spaces that front their building. The application originally requested the use of four spaces for two parklets utilizing two spaces on Montebello Avenue and two spaces on W. Main Street. Through discussions with the applicant, the request currently proposes a single parklet that would occupy all four of the spaces in front of their restaurant on Montebello Avenue. The use of four spaces on Montebello Avenue provides the ability for the restaurant to serve patrons most efficiently and provides for a larger outdoor eating area and community gathering space in front of Plaza Park. It should be noted that this does create a particular challenge given that the Farmer's Market occupies these spaces on Montebello Avenue each Sunday and has expressed some concern with relocating the booths that currently occupy these four spaces. Staff attempted to re-connect with the Farmer's Market to understand if there continues to be a concern with losing this real estate for the market and at the time of this staff report has not received any additional response.

Allowing the business to occupy two of the spaces on Montebello Avenue may be the most desirable way to provide support of both programs; however, the staff looks forward to the Council's discussion and direction on this.

While the parklet application at 145 W. Main presents a unique situation, it also speaks to a larger question in which the staff is seeking direction. Would the Council like to implement a per parklet cap on the number of parking spaces that may be occupied, and/or a total cap on number of parking spaces that may be removed from the parking inventory for the use of parklets? Another pending parklet application is for one large parklet divided into four spaces in front of the Beckwidth Building, located at 27-35 E. Main Street. In this case, the building owner is the applicant for the parklet and is requesting to remove all of the parking in front of the building (four spaces) to construct a large parklet divided into four sections to serve the restaurant spaces within the building.

Staff is seeking the Council's input on these items so that clear direction may be provided to the applicants, and so that the Council is fully aware of the interest and investment that is being received regarding this pilot program. In addition, many stakeholders are asking for a clearer idea of the duration of the parklet pilot as they weigh the investment that is required to build and maintain them. Through applicants, staff has learned that the cost associated with planning and implementing each parklet ranges from \$50,000 to \$100,000 before they are furnished. As a result of these inquiries, would the Council like to provide direction or expectations on the minimum duration of the pilot? Additionally, are there other parameters

that the Town Council would like to consider implementing, or a benchmark in which staff should return to the Council with further updates?

CONCLUSION:

After receiving and discussing this staff report, staff is recommending that the Town Council provide direction on the following items, and any additional provisions that are desired:

- Would the Council like to cap or temporarily cap the number of parklet applications accepted? If so, what number?
- Would the Council like to cap the number of parking spaces that any given business or property owner may occupy?
  - Specifically, would the Council like to provide direction on the following applications:
    - The corner of Montebello Avenue/W. Main Street
    - 27-35 E. Main Street
- Would the Council like to cap the total number of spaces that may be removed from the parking inventory for the use of parklets? If so, what would be the maximum number of spaces?
- Would the Council like to provide direction or expectations on the minimum duration of the pilot?
- What other input or direction the Council would like to provide to staff?

FISCAL IMPACT:

There is no fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

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



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019  
ITEM NO: 20  
ADDENDUM

---

DATE: December 12, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive an Update on the Parklet Pilot Program and Provide Direction on:  
a. Parking Space Usage for Specific Parklet Applications Along W. Main Street and Montebello Avenue, and E. Main Street  
b. Maximum Number of Spaces Allotted Per Business Parklet and the Related Maximum Number of Parking Spaces Removed from the Parking Inventory;  
c. Future Parklet Applications; and  
d. Any Additional Pilot Program Input.

**DISCUSSION:**

Between the distribution of the staff report and before 11:00 a.m. on Monday, December 16, 2019, the attached (Attachment 1) public comment was received.

**ATTACHMENT RECEIVED WITH THIS ADDENDUM:**

1. Email from Doug Hayden dated December 12, 2019

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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## Monica Renn

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**From:** Doug Hayden <doughaydenfma@gmail.com>  
**Sent:** Friday, December 13, 2019 4:13 PM  
**To:** Monica Renn  
**Cc:** Patty Apple; Holly Zappala  
**Subject:** Seeking parklet input please

Hello Monica,

Thank you for the opportunity to be part of this process. We want the downtown to be vibrant too as bringing more folks into the downtown is a good thing for everyone. Here are some impacts and ideas on how this may work with the Farmers' Market.

- Loss of 2 to 4 spaces (2 to 4 vendor stall spaces)  
Losing a space represents a revenue loss of \$2000 to \$2500 per year. The Los Gatos Farmers' Market is a small-medium size market with a budget that relies on this revenue to help defray the Business License Fee and the Rent for the site. The marketing and promotion budget is sacred, so reducing that is not an option.
- During the peak season months, mid-May through October, these stalls are occupied by 2-3 growers. The Farmers' Market site is at capacity at this time so losing any stall space would be detrimental to several growers.
- Diverting these market stalls into the park seems like a good option but it is weighed down by several issues. Any stalls that are located out of the normal pattern flow of foot traffic will always perform poorly. It is most likely there will be no volunteers to give up their current stall locations to be outside the market, in the park. More importantly, the health department requires market food to be sold on an "impervious surface" like cement or pavement. The option of moving stalls into the park is not viable for the market.
- Can the improvements to the parklet be temporary in nature? In Mountain View on Castro Street, large flower planters demarcate the boundaries of the eating area and serve as barriers to passing cars. Could moveable flower planters be used in this instance and move them away after business on Saturday night, making way for the Farmers' Market on Sunday?
- During the winter months, November through April, the top 2 stalls can be vacant. These spaces can be used at this time without detriment to the Farmers' Market. But during the peak season, these spaces would need to return to the market on Sundays.
- Would the new tenant be interested in developing a parklet on Main Street?

I wish there were better options for a parklet at this market location. I can see the potential for a nice outdoor seating area here. Hopefully a temporary set-up can be utilized here as mentioned above.

Regards,  
Doug Hayden  
President  
California Farmers' Markets Association  
3000 Citrus Circle, Suite 111 | Walnut Creek, CA 94598  
Phone: 925-465-4690 | Fax: 925-465-4693 | Cell: 925-858-6117  
[doughaydenfma@gmail.com](mailto:doughaydenfma@gmail.com) | [www.cafarmersmkts.com](http://www.cafarmersmkts.com)

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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019  
ITEM NO: 20  
DESK ITEM

---

DATE: December 12, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive an Update on the Parklet Pilot Program and Provide Direction on:  
a. Parking Space Usage for Specific Parklet Applications Along W. Main Street and Montebello Avenue, and E. Main Street  
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c. Future Parklet Applications; and  
d. Any Additional Pilot Program Input.

**DISCUSSION:**

Between 11:01 a.m. on Monday, December 16, 2019 and 11:00 a.m. on Tuesday, December 17, 2019, two emails were received as public comment (Attachment 2).

**ATTACHMENT RECEIVED WITH ADDENDUM DATED DECEMBER 16, 2019:**

1. Email from Doug Hayden dated December 12, 2019

**ATTACHMENT RECEIVED WITH THIS DESK ITEM:**

2. Emails from Doug Hayden and Katelin Slifer dated both December 17, 2019

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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## Monica Renn

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**From:** Doug Hayden <doughaydencfma@gmail.com>  
**Sent:** Tuesday, December 17, 2019 12:21 AM  
**To:** Monica Renn  
**Cc:** Katelin Slifer; Patty Apple  
**Subject:** Farmers' Market parklet update

Hello Monica,

Earlier this evening I had a "parklet update" conversation with Katelin Slifer who is working with the new tenant requesting the parklets on Montebello. Katelin also sent images of the proposed planters that will be used to border the parklet spaces. It's nice to know that the new tenant is planning to integrate their outside design with the market in mind and perhaps participate in some Farmers' Market co-promotional activities.

I agreed with Katelin that transitioning displaced stall spaces inside the park is not feasible. I reiterated that losing 40 linear feet would amount to 4 vendor stalls. This would mean the loss of up to 3 vendors during the year depending upon the amount of space each used. Losing one vendor is unacceptable and lost revenues are still an issue for the Farmers' Market.

A few thoughts:

Limit parklets to 20'

- If the parklets were limited to 2 stalls (20') at the top of Montebello, that could be accommodated by reducing one large multiple stall space and the relocation of a fourth stall to a space nearby.

Revenue loss

- Reducing and relocating these stall spaces will still incur annual revenue losses of \$2500 per stall. With loss of 20 feet (2 stalls) annual stall revenue loss will be \$5,000.00

Final measurements needed

- Some space in this proposed parklet area is inefficient as it pertains to Farmers' Market stall space usage. It is possible there could be more than 20' of useable parklet space available due to this area's angular parking stall design.

Maintain Fire Lane

- The market's customer aisle on Montebello is a fire lane width of 13.5'. The outside wall of the parklet planters will need to be in line with the existing Farmers' Market stalls adjacent to the parklets to maintain the parameters set forth in the fire code at this Market.

Entrance Maintained

- The Farmers' Market Information Booth is located in a strategic position, at the bus stop bench, which enables the Market Manager to greet those who enter the market. It is important that the Information Booth remains at its current location as it forms a welcoming entrance.

Parklet vacancy opportunity

- If the parklets are vacant during winter months the Market may desire to use the space for its café seating, reducing or avoiding dead space along its market aisle.

It is physically possible to provide the first 2 parklet stalls available on Montebello but it will require at least 2 growers to cooperate by relocating their stall location and/or reconfiguring their stall merchandising design. Both of these changes may decrease their sales and require strategically placed Farmers' Market promotion to boost their revenue. The annual revenue loss of \$5,000.00 is significant to the budget and the loss of space to the affected vendors will equal loss in sales. Therefore, the Market seeks to be made whole and request funds for the usage of its permitted area and be compensated accordingly. These funds can be used to execute mutually beneficial co-promotions of farm-to-table programs which will benefit both the restaurant and the Farmers' Market.

Thank you for the opportunity to provide this Feedback.

**Doug Hayden**

**President**

**California Farmers' Markets Association**

**3000 Citrus Circle, Suite 111 | Walnut Creek, CA 94598**

**Phone: 925-465-4690 | Fax: 925-465-4693 | Cell: 925-858-6117**

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## Monica Renn

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**From:** Katelin Slifer <katelin@juicecolg.com>  
**Sent:** Tuesday, December 17, 2019 9:48 AM  
**To:** Monica Renn  
**Subject:** Downtown Los Gatos - Parklet Project - 145 W. Main St.

Good morning,

Thank you so much for taking our insights and point of view into consideration throughout this process.

As you know, I personally have a vested interest in both sides of this project. My local business in town, juice co. LG, has held a vendor spot at the Los Gatos Farmers' Market for 4.5 years now. Any benefit and enhancement to foot traffic + experience is all extremely positive for us as vendors. And likewise, being a consultant on this project to 145 W. Main, I have seen the deep desires of the operators of this project and how intentional they are in working with the Farmers' Market.

On behalf of 145 W. Main Street, we understand how much our city officials are trying to do to enhance this community and we could not be more appreciative of that. We also understand and highly value how much the Farmers' Market contributes to our town, that entity alone is one of the key elements that drew us to securing a lease at this location.

This new restaurant concept is intended to do nothing but uplift the space + give that corner vibrancy. We want to build a destination that attracts local patrons to an iconic corner of our town.

Our goals of this parklet implementation include:

- Full integration with the weekly year-round Farmers' Market
  - Purchasing produce + other food items to use in our menu at the restaurant
  - Collaboration with the market vendors to showcase their business + offerings
  - A design of the parklets that creates a viewpoint into the neighboring booths + creates a desire for the diners to shop the market after their meal
  - Cross promotions such as table tents, that help showcase the vendors + encourage our diners to shop the market
- Drive more foot traffic
  - Our restaurant as a whole seats 90 people, the addition of the parklets will increase that to a totality of a little less than 125 — this means over 250 people will be walking right in front of that market every single Sunday - which we see as a huge positive in our collaborations with the market to help drive their sales and aide in their financial concerns.
- Preservation of the existing sidewalks + some of the landing pads that our neighbors in the upstairs units utilize to access their building
- Creation of a meeting place + a positive dining atmosphere that gives back to our community
  - This will be an amazing experience guests will have, enjoying a meal in an iconic space with beautiful views of the park. (No other location in Los Gatos or neighboring towns will be able to provide this iconic experience)
- A local restaurant versus a chain — giving much more inclusive opportunities to build from

Thank you for your time and I look forward to the continued progress on this project + creating this amazing outdoor space in our community.

In health,

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Katelin Slifer / Co-Founder  
(949) 433-3601 / [katelin@juicecolg.com](mailto:katelin@juicecolg.com)  
[juicecolg.com](http://juicecolg.com) / [@juicecolg](https://www.instagram.com/juicecolg)



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2019

ITEM NO: 21

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**DATE:** December 12, 2019  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Acting as the Property Owner Representative for the Town's Parcels Included in the Proposed Property Business Improvement District (PBID), Discuss the Revised Draft Service Plan for a PBID in Downtown Los Gatos, Provide Input on the Structure and Parameters of the Draft Plan, Including the Three Fee Structure Options, and Direct Staff on the Next Steps for Working with the PBID Steering Committee on Behalf of the Town.

**RECOMMENDATION:**

Acting as the property owner representative for the Town's parcels included in the proposed Property Business Improvement District (PBID), discuss the revised draft Service Plan for a PBID in downtown Los Gatos, provide input on the structure and parameters of the draft plan, including the three fee structure options, and direct staff on the next steps for working with the PBID Steering Committee on behalf of the Town.

**BACKGROUND:**

A Property Business Improvement District (PBID) is a special district in which properties are assessed a tax to fund services or improvements that benefit the assessed properties. These benefits are those activities above and beyond what is traditionally provided by the Town, referred to as baseline services. It is important to note that any benefit received by a parcel must be equal to the assessment paid, except in the case of benefits identified as general benefits. A general benefit is considered a spill over benefit to other properties not directly assessed through the District. Thus, when considering the formation of a PBID, the assessment map and Service Plan are largely driven by the direct special benefit for assessed properties that exceed any baseline services provided. If a PBID is formed, the Town and the PBID would enter into a contract that highlights the Town's baseline services so that the PBID may illustrate benefits above and beyond the baseline services.

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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BACKGROUND (continued):

The Los Gatos Chamber of Commerce and a group of commercial property and business stakeholders have been working together since early 2019 to form a PBID in and around downtown Los Gatos. This group is functioning as the PBID Steering Committee. At its March 5, 2019 meeting, the Town Council provided the Chamber of Commerce with funding in the amount of \$22,000 as “seed money” to explore a PBID and cover the first phase of the project. This phase is nearing its end and included development of a feasibility study to gauge whether a PBID could be successful in Los Gatos.

This first phase and feasibility study examined several scenarios for a PBID, including varying geographic areas and assessment formulas. The PBID Steering Committee hosted a series of public open houses and one-to-one meetings with property owners to discuss the draft Service Plan that was presented to the Town Council, as a property stakeholder, on November 4, 2019.

The Town plays two distinct roles in the formation and adoption of a PBID: 1) Property Owner/stakeholder, and 2) Governing body whom adopts the resolution for the PBID to be enacted after a successful vote of the property owners and collector of the assessment for distribution to the district. This meeting offers the second opportunity for the Town Council to discuss the PBID as a body representing the included Town properties as property owners.

DISCUSSION:

On November 4, 2019 the Town Council discussed the first draft of the Los Gatos PBID provided by the steering committee and its consultant. During this meeting, the Council provided feedback on the proposed district map and assessment amounts. Following the meeting, the committee continued to work with their consultant and potential PBID stakeholders to develop a second draft Service Plan (Attachment 1). The modified draft Service Plan includes a revised draft service area (boundary map) and three fee structure scenarios in which public properties are assessed differently.

In all three fee structure scenarios, the boundary map has been modified to include fewer parcels than previously presented to the Town Council in November. The total number of parcels being assessed in the current draft plan is 125, as opposed to 145 in the previous draft. For the Town as property owners, the most notable difference in the boundary map is the exclusion of properties to the east of Pageant Way, including the Civic Center. The reduction in the number of parcels has lowered the total assessment to a range between \$268,795.55 to \$298,462.10, depending on the public assessment structure. The first draft had a total assessment amount of \$424, 267.20, with the Town’s contribution at \$89,073.80, 20.99% of the total.

DISCUSSION (continued):

For all scenarios presented with the revised draft plan, commercial parcels are assessed at \$0.20 per square foot, and non-profit parcels are assessed at \$0.10 per square foot. The difference in the new assessment totals depends on the assessment rate for the public properties.

Of the three fee structure options presented in the draft Service Plan, the Town's assessment would be as follows:

- Scenario 1:
  - Public parcels, including public parking lots, are assessed at \$0.05 per square foot
  - Town's assignment percentage is 1.2% of the total assessment
  - Town's assessment would be \$3,249.80\*
  
- Scenario 2:
  - Public parcels, including public parking lots, are assessed at \$0.05 per square foot
  - Town's assignment percentage is 5.63% of the total assessment
  - Town's assessment would be \$15,870.25\*
  
- Scenario 3:
  - Public parcels, including public parking lots, are assessed at \$0.10 per square foot
  - Town's assignment percentage is 10.63% of the total assessment
  - Town's assessment would be \$31,557.00\*

\*Assessment totals noted above reflect the first year's assessment. Over the initial five-year term of the of the district, the assessment rate may be subject to annual increases, not to exceed 3% per year.

**Proposed and Baseline Services**

The Service Plan identifies three primary categories of services/benefits: Destination Development, Destination Marketing, and Infrastructure.

If the PBID is established, the Town and the PBID would enter into a contract that outlines the Town's current baseline services provided within the district, so that the benefits of the district may be clearly established above and beyond the existing baseline. After further discussion with the PBID consultant, the revised service plan states that these baseline services may remain fluid due to the Council's inability to legally commit funds beyond a

DISCUSSION (continued):

one-year budget cycle. As currently drafted, baseline services are proposed at a high-level so that the Town does not need to be in the position of committing to specific services beyond the current budget cycle.

Aside from the changes noted above, and in the attached draft Service Plan, the remaining parameters including specific benefit, district management, assessment collection, composition of the Board of Directors, etc. will remain the same as they were presented on November 4, 2019, wherein these elements are flexible and will be developed as a part of the Engineer's Report and Management Plan that are included in Phase Two of the PBID formation, should this process continue to move forward.

CONCLUSION:

This agenda item provides the Town Council as property owner an opportunity to discuss the revised draft Service Plan, including the three assessment amount proposals and district map. The Council may provide direction to staff on next steps for working with the PBID steering committee on behalf of the Town.

COORDINATION:

This report was prepared in coordination between the Town Manager's and Town Attorney's Offices.

FISCAL IMPACT:

If the PBID is established, the Town would be responsible for remitting the assessment amount that is determined by the Management District Plan. Depending upon the fee structure adopted, the assessment amount for the Town would range between \$3,2498.80 and \$31,557.00 annually for a minimum of five years.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Draft Los Gatos PBID Service Plan dated December 12, 2019

**Los Gatos**  
**Property and Business Improvement District Formation**  
 Service Plan  
 December 12, 2019

**BACKGROUND**

Civitas was hired to help determine if a Property Business Improvement District (PBID) in Los Gatos was feasible. The first step in the PBID feasibility process was to examine potential boundaries and the need for services in the proposed areas. Based on stakeholder feedback, the Steering Committee determined what services the PBID would like to include and what budget would be needed for the PBID to provide these services.

Over the past five months, the Los Gatos Chamber of Commerce, the Town of Los Gatos and key stakeholders have been in discussions about forming a PBID to finance additional services in the area above and beyond the baseline services the Town currently provides. Funds were allocated by Town Council to hire Civitas to examine the needs of the area and subsequently draft a Feasibility Study gauging property and business owner support. Should the Los Gatos Chamber of Commerce and the PBID Steering Committee decide to move forward with PBID formation, Civitas will provide a proposal and assist with the formation process.

Several methods were used to gather information:

- The Town of Los Gatos gave funds to hire Civitas as their consultant, to assist in the PBID feasibility process;
- The project Steering Committee was formed. The committee is comprised of property owners, prominent business leaders in the community, and representatives from the Los Gatos Chamber of Commerce;
- Between April and September 2019, the Los Gatos Chamber of Commerce, Steering Committee and stakeholders conducted face-to-face meetings with property and business owners in the proposed boundaries to obtain their interest level in forming a PBID;
- Three open houses were hosted by the Steering Committee within the proposed boundaries, in which dozens of property owners, stakeholders, and Town Council members and Staff attended to show support or provide feedback;
- Analysis of the proposed boundaries and services were discussed with the Steering Committee; and
- Based on feedback from the stakeholders and Steering Committee discussions, a detailed Service Plan was created to illustrate the proposed district parameters including budget, services and boundaries.

**PROPOSED BUDGET**

The budgets below are examples of how funds could be allocated in the initial year. Budget categories may require adjustments up or down to continue the intended level of services. The budget is formulated based on services and benefit to the assessed parcels within the proposed boundaries, as described later in this plan.

The Los Gatos PBID Owners’ Association, a to be formed non-profit corporation, will have the authority to re-allocate up to fifteen percent (15%) of total service budget between categories. Over the initial five (5) year term of the district, the assessment rate may be subject to annual increases that will not exceed three percent (3%) per year. Increases will be determined by the Owners’ Association Board of Directors and can vary each year.

Service	FY 2021 Budget Scenario #1	FY 2021 Budget Scenario #2	FY 2021 Budget Scenario #3	%
Destination Development	\$94,078.44	\$98,703.76	\$104,461.74	35%
Destination Marketing	\$94,078.44	\$98,703.76	\$104,461.74	35%
Infrastructure	\$53,759.11	\$56,402.15	\$59,692.42	20%
Administration & Contingency	\$26,879.56	\$28,201.08	\$29,846.21	10%
<b>TOTAL</b>	<b>\$268,795.55</b>	<b>\$282,010.75</b>	<b>\$298,462.10</b>	<b>100%</b>

## PROPOSED SERVICES

The Los Gatos Property and Business Improvement District (LGPBID) will provide activities and services that will create special benefits to assessed parcels and will not replace existing baseline Town Services.

### Destination Development

The purpose of Destination Development is to create and maintain a clean, inviting, usable district for the benefit of the assessed parcels. Some of these benefits may include but are not limited to:

- Special events to attract new visitors and further engage locals;
- District Ambassadors advocating Los Gatos as a destination within the proposed boundaries, provide directions and assistance to pedestrians in need throughout Downtown to assist them in accessing the assessed parcels;
- Signage including, but not limited to, gateways and pole banners;
- Public space beautification and development; and
- Further enhance streetscape by supplementing potential changes to trees, planters, lighting, and parklets.

### Destination Marketing

Marketing efforts will highlight Los Gatos as a unique destination in an effort to increase visitor activity and sales that directly benefit the assessed parcels. Marketing may include: promotions and marketing of the LGPBID as a destination area, the maintenance of a district brand package and website, promotional materials, visitor guides, maps, press releases and newsletters. It is the intent of this program to allow the public to view the area as a single destination with a rich collection of attractions, events and services. Some of these benefits may include but are not limited to:

- Kiosks within San Jose International Airport showcasing Los Gatos as a nearby destination, providing useful information and upcoming special events;
- Increase social media traffic through strategic and targeted posts;
- Partnerships with local and regional third-party organizations marketing campaigns; and
- A Town-wide app to be used on mobile devices, promoting current events, nearby assessed businesses, directions, etc.

### Infrastructure

The infrastructure program will use a multi-faceted approach to planning, design and management of public spaces in the LGPBID. District funds will be leveraged to create a unique sense of place, which may include wayfinding signage/banners, seasonal banners and lighting, and other public space improvements. The PBID Owners' Association Board of Directors can hold a reserve account to fund for larger improvements or to supplement larger Town infrastructure projects, which will be noted in the Annual Report that is presented to the Town Council. The LGPBID will also assist in conversations with the Town regarding policy direction regarding parking and traffic issues, and to represent property and business owners as a unified voice. If necessary, funds may be allocated to address parking and traffic issues. Some of these benefits the PBID will support and potentially contribute funds to may include but are not limited to:

- Visitor and Employee Parking programs
- Traffic management improvements or programs
- Public parking lot improvements
- Parking structures
- Street furnishings and sidewalk improvements

### Administration & Contingency

The administration portion of the budget will be utilized for administrative costs associated with providing the activities and improvements for the LGPBID. These costs may include rent, telephone charges, legal fees, accounting fees, postage, administrative staff, insurance, and other general office expenses.

The budget also includes a prudent fiscal reserve. Changes in data, lower than anticipated collections, higher than expected program costs, and other issues may change the revenue and expenses. In order to buffer the organization for unexpected changes in revenue, and/or allow the PBID Owners' Association Board of Directors to fund other overhead or renewal costs, the reserve is included as a budget item. Should contingency funds remain at the expiration of the district, and property owners wish to renew the LGPBID, the



remaining funds may be used for the costs of renewal. This category also includes the necessary funds to pay the Town of Los Gatos' fees associated with collection of assessments. The Town's fee is anticipated to be 2% of the assessments collected.

**INITIAL ASSESSMENT RATE**

Parcels are assessed based on services provided, benefit and parcel size. To determine a parcel's assessment, the applicable lot size rates in the tables below are applied to the parcel's actual lot size within the LGPBID zones. Residential condominiums, apartments and churches are not assessed. These parcels are not commercial, public, non-profit or parking lots and will not specifically benefit from or directly receive the LGPBID's improvements, maintenance, and activities. Based on services and benefits that commercial, public, non-profit and parking lots would receive, the proposed assessment methodology was established.

The assessment rates are:

Parcel type	Scenario #1 (per sq. ft.)	Scenario #2 (per sq. ft.)	Scenario #3 (per sq. ft.)
Commercial	\$0.20	\$0.20	\$0.20
Public	\$0.05	\$0.05	\$0.10
Non-profit	\$0.10	\$0.10	\$0.10

*Assessment rates may be subject to an increase of no more than three percent (3%) per year.*

*\*Assessment Scenario #1 does not assess Parking Lots.*

**MANAGEMENT**

The LGPBID shall create a new non-profit corporation which will serve as the Owners' Association described in Streets and Highways code § 36651. The Owners' Association is charged with the day-to-day operations of the LGPBID, including but not limited to, management of assessment funds and full decision-making authority regarding the LGPBID programs. The majority of the LGPBID Board of Directors shall be made up of property owners, or representatives of property owners, who are paying the PBID assessment.

Currently, the Steering Committee is comprised of:

- Catherine Somers, Los Gatos Chamber of Commerce, Executive Director
- Sue Farwell, Property Owner
- Jim Foley, Property Owner

There are different options being explored regarding the governing body of the LGPBID, prior the finalization of the Management District Plan. However, the aforementioned governance option has been prioritized.

**COLLECTION OF ASSESSMENTS**

As provided by State Law, the LGPBID assessment will appear as a separate line item on annual property tax bills prepared by the Town of Los Gatos. Property tax bills are generally distributed in the fall and spring, so annual assessments are divided into two equal payments for each year of the assessment. The Town of Los Gatos shall distribute funds collected to the LGPBID Owners' Association. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the LGPBID assessments.

**TERM**

The LGPBID will be formed for a five (5) year period, with services commencing January 1, 2021 through December 31, 2025. After the initial five (5) year term, the PBID may be renewed again for up to ten (10) years if property owners support continuing the programs.

**BOUNDARIES**

The map below illustrates the proposed LGPBID boundaries.

