



**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
NOVEMBER 17, 2020  
110 EAST MAIN STREET  
LOS GATOS, CA**

*Marcia Jensen, Mayor  
Barbara Spector, Vice Mayor  
Rob Rennie, Council Member  
Marico Sayoc, Council Member  
Vacant, 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 follow the participation instructions on page 2 of this agenda. If you wish to speak to an item NOT on the agenda, you may do so during the “Verbal Communications” period, by following the participation instructions on page 2 of this agenda. The time allocated to speakers may change to better facilitate the Town Council meeting.

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

**Deadlines for Public Comment and Presentations are as follows:**

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

***Town Council Meetings Broadcast Live on KCAT, Channel 15 (on Comcast) on the 1st and 3rd Tuesdays at 7:00 p.m.  
Rebroadcast of Town Council Meetings on the 2<sup>nd</sup> and 4<sup>th</sup> Mondays at 7:00 p.m.  
Live & Archived Council Meetings can be viewed by going to:  
[www.LosGatosCA.gov/TownYouTube](http://www.LosGatosCA.gov/TownYouTube)***

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

**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
NOVEMBER 17, 2020  
7:00 PM**

**IMPORTANT NOTICE REGARDING THE NOVEMBER 17, 2020 MEETING**

This meeting is being conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29- 20 dated March 17, 2020, regarding the COVID- 19 pandemic. The live stream of the meeting may be viewed on television and/or online at [www.losgatosca.gov/AgendasAndVideos](http://www.losgatosca.gov/AgendasAndVideos). **In accordance with Executive Order N-29- 20, the public may only view the meeting on television and/or online and not in the Council Chamber.**

**PARTICIPATION**

If you are not interested in providing oral comments in real-time during the meeting, you can view the live stream of the meeting on television (Comcast Channel 15) and/or online at [www.LosGatosCA.gov/TownYouTube](http://www.LosGatosCA.gov/TownYouTube).

If you are interested in providing oral comments real-time during the meeting, you must join the Zoom webinar:

- Join from a PC, Mac, iPad, iPhone or Android device: click this link <https://us02web.zoom.us/j/91332460172?pwd=RDZTV0o1UkZoTnJrU2o5YXVJcVVGQ> **T09. Password: 145878**. You can also type in 91332460172 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
- Join by telephone: Dial: (877) 336-1839. Conference code: 969184.

During the meeting:

- When the Chair announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press \*9 on your telephone keypad to raise your hand. If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- When called to speak, please limit your comments to three (3) minutes, or such other time as the Chair may decide, consistent with the time limit for speakers at a Council meeting.

If you are unable to participate in real-time, you may email to [PublicComment@losgatosca.gov](mailto:PublicComment@losgatosca.gov) with the subject line “Public Comment Item #\_\_” (insert the item number relevant to your comment) or “Verbal Communications – Non Agenda Item.” Comments will be reviewed and distributed before the meeting if received by 5:00 P.M. on the day of the meeting. All comments received will become part of the record. The Mayor has the option to modify this action on items based on comments received

**TOWN OF LOS GATOS  
COUNCIL MEETING AGENDA  
NOVEMBER 17, 2020  
7:00 P.M.**

**REMOTE LOCATION PARTICIPANTS**

*The following Council Members are listed to permit them to appear electronically at the Town Council Meeting: MAYOR MARCIA JENSEN, VICE MAYOR BARBARA SPECTOR, COUNCIL MEMBER ROB RENNIE, COUNCIL MEMBER MARICO SAYOC. All votes during the teleconferencing session will be conducted by roll call vote.*

**MEETING CALLED TO ORDER**

**ROLL CALL**

**COMMISSIONER APPOINTMENTS**

**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. A member of the public may request to pull an item from Consent by following the Participation Instructions contained on Page 2 of this agenda. 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 Draft Minutes of the November 3, 2020 Town Council Meeting.
2. Receive the First Quarter Investment Report (July through September 2020) for Fiscal Year 20210/21.
3. Authorize the Town Manager to execute a First Amendment Agreement for Consultant Services with Walter Levison for Arborist services.
4. Authorize the Town Manager to Execute Agreements for Environmental Consultant Services with EMC Planning Group, Inc. and Raney Planning and Management, Inc.
5. Authorize the Town Manager to Execute an Agreement with Hello Housing for Administration of the Town's Below Market Price Affordable Housing Program.

**VERBAL COMMUNICATIONS** *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda consistent with the Participation Instructions contained on Page 2 of this agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

**OTHER BUSINESS** *(Up to three minutes may be allotted for each comment on any of the following items consistent with the Participation Instructions contained on page 2 of this agenda.)*

- [6.](#) Adopt A Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743.
- [7.](#) Provide Direction for the Land Use and Community Design Elements of the General Plan.

**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 on the official Town of Los Gatos website***

***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.***



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

APPOINTMENTS

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DATE: November 12, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Conduct Appointments for Adult Commissioner Vacancies on Boards, Commissions, and Committees

**RECOMMENDATION:**

Conduct the appointment process for the following vacancies: Arts and Culture Commission (ACC), Building Board of Appeals (BOA), Community Health and Senior Services Commission (CHSSC), Complete Streets and Transportation Commission (CSTC), General Plan Committee (GPC), Historic Preservation Committee (HPC), Library Board (LIB), Parks Commission, Personnel Board, and Planning Commission.

One application was received for the Sales Tax Oversight Committee (STOC) and the applicant has been advised that with the passing of Measure A, establishing a Finance Commission and dissolving the Council Finance Committee and STOC, interviews will not be conducted for the STOC and invited the applicant to apply for the Finance Commission when the recruitment opens.

**DISCUSSION:**

Council will interview applicants for vacant Board, Commission, and Committee positions (Attachment 1) at a Special Meeting on November 17, 2020, at 5:00 p.m. via teleconference following the COVID-19 Shelter in Place guidelines. Per the Town's Commission Appointment Policy (Attachment 2), candidates may apply for multiple Commissions. Please consult the individual applications to learn of the candidates' priority preferences.

**PREPARED BY:** Shelley Neis  
Town Clerk

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

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DISCUSSION (continued):

Staff recommends Council appoint Commissioners for each Board/Commission/Committee per Council Policy 2-11 (Attachment 2). Due to an insufficient number of applications, not all positions can be filled.

**Arts and Culture Commission (ACC)**

Two (2) full term, three (3) year positions are open due to two (2) expiring terms and one (1) two (2) year partial term is open due to an unexpired vacancy.

- Full Term Appointment
  - Two (2) full terms of three (3) years to expire December 31, 2023
- Partial Term Appointment
  - One (1) partial term of two (2) years to expire December 31, 2022

**Building Board of Appeals (BOA)**

One (1) full term, four (4) year term is open due to one (1) expiring term and one (1) two (2) year partial term is open due to an unexpired vacancy.

- Partial Term Appointment
  - One (1) partial term of two (2) years to expire December 31, 2022

**Community Health and Senior Services Commission (CHSSC)**

Two (2) full term, three (3) year positions are open due to two (2) unexpired vacancies.

- Full Term Appointment
  - One (1) full term of three (3) years to expire December 31, 2023

**Complete Streets and Transportation Commission (CSTC)**

Two (2) full term, three (3) year positions are open due to two (2) expiring terms.

- Full Term Appointment
  - Two (2) full terms of three (3) years to expire December 31, 2023

**General Plan Committee (GPC)**

One (1) full term, four (4) year position is open due to one (1) expiring term and one (1) three (3) year partial term is open due to an unexpired vacancy.

- Full Term Appointment
  - One (1) full term of four (4) years to expire December 31, 2024
- Partial Term Appointment
  - One (1) partial term of three (3) years to expire December 31, 2023

DISCUSSION (continued):

**Historic Preservation Committee (HPC)**

One (1) full term, four (4) year position is open due to one (1) expiring term and one (1) two (2) year term is open due to an unexpired vacancy.

- Full Term Appointment
  - One (1) full term of four (4) years to expire December 31, 2024
- Partial Term Appointment
  - One (1) partial term of two (2) years to expire December 31, 2022

**Library Board (LIB)**

Two (2) full term, three (3) year positions are open due to two (2) expiring terms and one (1) two (2) year partial term is open due to an unexpired vacancy.

- Full Term Appointment
  - Two (2) full terms to expire December 31, 2023
- Partial Term Appointment
  - One (1) partial term of two (2) years to expire December 31, 2022

**Parks Commission**

One (1) partial term, two (2) year position is open due to one (1) expiring term.

- Partial Term Appointment
  - One (1) partial term of two (2) years to expire December 31, 2022

**Personnel Board**

One (1) full term, five (5) year position is open due to one (1) expiring vacancy, one (1) four (4) year partial term, and one (1) three (3) year partial term are open due to unexpired vacancies.

- Partial Term Appointment
  - One (1) four (4) year partial term to expire December 31, 2023

**Planning Commission (PC)**

One (1) full term, four (4) year position is open due to one (1) expiring term.

- Full Term Appointment
  - One (1) full term of four (4) years to expire December 31, 2024

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SUBJECT: Conduct Appointments for Adult Commissioner Vacancies

DATE: November 12, 2020

CONCLUSION:

It is recommended that Council appoint applicants to fill vacant Town Board, Commission, and Committee positions. Upon completion of the appointment process, direct the Town Clerk to re-advertise any vacant positions with the recruitment for the new Finance Commission, scheduled to begin in late November 2020.

FISCAL IMPACT:

There is no fiscal impact with the appointments to the Town's Boards, Committees, and Commissions.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Adult Commissioner Applicants
2. Council Policy 2-11 Commission Appointments



# **Board, Commission, and Committee Adult Commissioner Applicants**

## **ARTS AND CULTURE COMMISSION (ACC)**

- Richard Capatosto
- Jeffrey Janoff
- Michael Miller (incumbent)
- Pamela Murphy
- Heidi Owens
- Ellis Weeker (incumbent)

## **BUILDING BOARD OF APPEALS (BOA)**

- Charles Holcomb

## **COMMUNITY HEALTH AND SENIOR SERVICES COMMISSION (CHSSC)**

- Richard Konrad

## **COMPLETE STREETS AND TRANSPORTATION COMMISSION (CSTC)**

- Doug Brent
- Bill Ehlers (incumbent)
- Cheryl Ryan
- Gillian Verga (incumbent)

## **GENERAL PLAN COMMITTEE (GPC)**

- Gerard Abraham
- Joseph Mannina
- Heidi Owens
- Steve Piasecki (incumbent)

## **HISTORIC PRESERVATION COMMITTEE (HPC)**

- Barry Cheskin
- Timothy Lundell
- Jeffrey Siegel

## **LIBRARY BOARD (LIB)**

- Susan Buxton (incumbent)
- Richard Capatosto
- Sabiha Chunawala (incumbent)
- David Read
- Cheryl Ryan

ATTACHMENT 1

**PARKS COMMISSION**

- Adriana Alves
- Richard Capatosto
- Alicia Shah

**PERSONNEL BOARD**

- Steven Bakota

**PLANNING COMMISSION (PC)**

- Gerard Abraham
- Kathryn Janoff (incumbent)
- Anil Patel
- Jeffrey Siegel



**TITLE:** Commission Appointments, Residency and Attendance Requirements, and Establishing A Quorum

**POLICY NUMBER:** 2-11

**EFFECTIVE DATE:** 2/28/1990

**PAGES:** 7

**ENABLING ACTIONS:**

**REVISED DATES:** 6/13/1994; 6/16/2014; 4/7/2015; 10/18/2016; 2/21/2017; 2/6/2018; 3/19/19; 9/3/2019

**APPROVED:**

**PURPOSE**

To establish a policy to encourage participation by the Town's residents on Town Boards, Commissions and Committees (hereinafter referred to as "Commissions"). The Town will encourage residents to participate on Commissions by advertising vacancies on Commissions for at least 30 days, preparing easily understood applications, maintaining clear descriptions of the role of each Board, Commission, and Committee and its respective members, providing current meeting schedules, and conducting public interviews of all Commission applicants, except as provided by this Policy.

**SCOPE**

This Policy applies to all applicants to Town Boards, Commissions and Committees.

**POLICY**

The Town Council encourages public participation in all decision-making and to be successful residents must be assured both that the participation is meaningful and that their input will be valued. The widest representation from the community can only be achieved if vacancies are well advertised so that anyone interested will have the opportunity to apply. Interviews of the applicants conducted in public by the Town Council demonstrates that it values these appointments and that all have an equal opportunity to be appointed. Applicants may apply to more than one Commission and shall rank their choices in their preferred order, during each recruitment cycle.

To ensure the greatest possible participation by the public, it is the Town's policy that no person shall be appointed to more than one Commission except in those cases where they are ex-officio members of other Boards, Commissions and Committees. This Policy does not apply to Commission members serving as representatives of their Commission who have been appointed by the Town Council. (Revised on 4/07/15)

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**RESIDENCY REQUIREMENTS**

Residency within the incorporated municipal limits of the Town of Los Gatos, California is required for appointment and continued membership on all Town of Los Gatos Boards, Commissions, and Committees, with the exception of the Youth Commission.

**Youth Commission:**

The members shall be students who are entering grades 8 through 12. Membership for the students requires either residency in the incorporated limits of the Town of Los Gatos or residency in the unincorporated areas of the County of Santa Clara, which have a Los Gatos mailing address.

**ATTENDANCE REQUIREMENTS**

1. All members of all appointive Town Advisory Bodies should attend all regular and special meetings of said Advisory Bodies.
2. Any member not in attendance at a regular meeting of said Advisory Body for at least 70% of the meeting shall be considered absent.
3. Any member of an appointive Town Advisory Body who is absent from the number of regular meetings listed below appropriate to his or her Advisory Body shall, as a result, surrender his or her office on the Advisory Body and the office shall be considered vacant.
  - a. For an Advisory Body which holds six (6) or more regular meetings per a consecutive twelve (12) month period: three (3) regular meetings.
  - b. For an Advisory Body which holds five (5) or fewer regular meetings per a consecutive twelve (12) month period: two (2) regular meetings.
  - c. For an Advisory Body which holds sixteen (16) or more regular meetings per a consecutive twelve (12) month period: eight (8) regular meetings.
4. The vacant position shall be filled by appointment by a majority vote of the Town Council, for a term equal to the unexpired portion of the office vacated. Any member removed from office due to non-attendance may re-apply to serve on a Town Advisory Body, but will not be treated as an incumbent in any subsequent application to the same Advisory Body.
5. If a Youth Commissioner liaison misses three meetings of a liaison Commission during a \*consecutive twelve (12) month period, the Youth Commission shall appoint a different Youth Commissioner as liaison.

\*Consecutive twelve (12) month period is defined as any consecutive twelve-month period beginning with the first absence. A regular meeting shall not be cancelled and replaced with a special meeting in order to alleviate an absence by an advisory body member.

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## **QUORUM REQUIREMENTS**

The number of members needed to constitute a quorum on any Town Advisory Body shall be a majority of the total number of filled seats.

## **PROCEDURES**

The following procedures will be followed by the applicant, the Town Clerk and the Town Council for the appointment of applicants to Town Commissions:

### **Responsibility and Actions: Town Clerk**

#### **A. Annual Recruitments**

Adult Commission members' terms begin on January 1<sup>st</sup> and end December 31<sup>st</sup>, Youth Commissioners' terms follow the academic year and begin on August 1 and end on June 30. The Town Clerk shall perform the following duties in conducting an annual recruitment for Commission members:

1. Notify Town Council of vacancies on Commissions by indicating the names of the Commissions, the number of terms expiring or being vacated, names of individual(s) with expiring terms or vacating seats, advertising periods (at least 30 days) and the date of interview.
2. Advertise the vacancies, including the application deadline and the interview date, which shall be set for no later than the second Town Council meeting in December for Adult Commissioners, and by the fourth Wednesday in May, no earlier than 4:00 p.m., for Youth Commissioners.
3. Prepare and maintain easily understood applications for appointment to Commissions. Applications shall include the following policy information:
  - a. Prior to initial appointment to any Commission, non-incumbent applicants must be interviewed by the Town Council. The applications of those not appearing will be held for the next recruitment.
  - b. If an incumbent Commissioner is requesting reappointment to the same Commission, the incumbent may submit a request to be interviewed by telephone, with their application, instead of attending the interview or must submit a letter prior to the interviews, describing the reason why the applicant cannot be present telephonically or in person for the interview, and why the applicant should be reappointed to the Commission.
  - c. Submissions deadlines are mandatory; no exceptions are permitted.

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4. Applications:
  - a. *For adult applicants* — Accept applications, verify eligibility, and distribute copies of the applications of eligible applicants to the Town Council prior to the interviews for appointment.
  - b. *For student applicants* — Accept applications, verify eligibility, and distribute copies of the applications of eligible applicants to the Town Council Selection Committee prior to the interviews for appointment.
5. Notify the applicant by letter or email as to the date and time of the interview.
6. Facilitate the Council voting process set forth below by informing Council as to how many votes are possible on each Commission, calling out applicants' names, and identifying the applicants receiving sufficient votes for appointment. This process does not apply to student applicants.
7. Applicants:
  - a. *For adult applicants* — After the interviews and Council vote are completed, notify all applicants of the Council's action, and explain Town policy of keeping application active for one year with notification of subsequent openings on that Commission to the interested applicants.
  - b. *For student applicants* — After the interviews are completed, notify all applicants of the Council Committee's action, and prepare a staff report for the Town Council to ratify the Committee's appointment at the first Town Council meeting in June.

### **Balloting Process**

Unless determined otherwise, the Council shall conduct a ballot vote for the appointment of individuals to fill the vacancies for each Commission. Such ballot vote may be conducted at either a regular, adjourned or special meeting of the Town Council. The ballot vote process shall be conducted as follows:

1. The Town Clerk shall provide a ballot to each Town Council member listing the names of all applicants and “None of the above” for each respective Commission. Prior to the vote, the Town Clerk shall publicly announce the position vacancy and all applicant names that are listed on the ballot;
2. Each Council member may vote for the same number of applicants as there are current vacancies on the respective Commission. In no case, can a Council Member cast more votes than there are vacancies; or vote for the same candidate more than once on each

ballot (i.e. cumulative voting -- e.g. where there are three vacancies, a Council member may not give all three votes to the same candidate). A Council Member is not required to vote for any of the candidates or for the total number of vacancies available.

3. The Town Clerk shall collect all ballots and shall publicly announce the name of each Town Council member and how that Council member cast his or her vote. In the case of a tie vote, the Town Clerk will announce that there is a tie and that a run-off vote shall be conducted but will not announce the names of the applicants in the run-off. Once all voting is concluded and a decision made, the votes will be made public. The run-off ballot will also include a "None of the above" option.
4. Applicants receiving a majority number of votes shall be deemed appointed to the Commission. In the event of a tie, a run-off vote shall be conducted among the applicants receiving the highest number of votes from the previous round. This shall continue until a majority consensus on an applicant(s) is reached for the number of vacancies to be filled. In the event of an unbreakable tie, the Council may determine an alternative method for selecting the appointee(s) or direct the Town Clerk to re-advertise the vacancy.
5. If an applicant(s) is appointed to an Advisory Body which has vacancies for both full and partial, unexpired terms, the length of the appointee's term will be determined by the Mayor.

#### **B. Mid-Term Recruitments**

During the year, Commissions may experience vacancies that drop the number of filled seats to a number of members that is not sufficient to conduct Commission business. The Commission may request the Council to conduct a mid-term recruitment to fill seats. To the extent possible, the Town Clerk will consolidate mid-term recruitments to minimize the number of recruitments occurring throughout the year. In the event of a vacancy on the Planning Commission, the Town will automatically conduct a mid-term recruitment. Mid-term recruitments will not be conducted for student commissioners. The Town Clerk shall advertise mid-term vacancies on Commissions for at least 15 days.

#### **Responsibility and Action: Applicant**

1. Read the Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum Policy, complete and submit to the Town Clerk the application for appointment to a Town Commission by the advertised deadline date and time.
2. *For adult applicants:* Attend the Council meeting to be interviewed for Commission appointment.  
*For student applicants:* Attend the Council Selection Committee interview session.

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3. If an incumbent Commission member is requesting reappointment to the same Commission, the incumbent may submit a request to be interviewed by telephone, with their application, instead of attending the interview or must submit a letter prior to the interviews, describing the reason why the applicant cannot be present telephonically or in person for the interview, and why the applicant should be reappointed to the Commission.
4. If appointed, prior to starting the Commission term, appointees are required to attend a Commissioner Orientation and take the "Oath of Office."
5. Attend Advisory Body meetings once term begins.
6. Read the Commissioners' Handbook. The Handbook is to be returned to the Town Clerk when the term is complete.

#### **Responsibility and Action: Town Council**

1. Review applications.
2. *For adult applicants* – Interview applicants individually by Commission at a public meeting with all applicants present.  
*For youth applicants* – Town Council Selection Committee interviews applicants.
3. Determine if the incumbents not in attendance and having submitted a letter pursuant to this Policy should be considered for reappointment.
4. If there are limited applications for any vacancy to a Commission, the Mayor, on behalf of the Council, may request that the Town Clerk re-advertise the vacancy, reschedule the interviews, and notify all applicants of the new interview date.

#### **COMPLIANCE - GROUNDS FOR DISMISSAL**

A member may be removed from the Advisory Body prior to the end of his or her term by a three-fifths (3/5) vote of the Town Council and may not be reappointed for the following reasons:

1. Failure to attend Advisory Body meetings.
2. Failure to file the following documents required by the Fair Political Practices Commission (Adult Commissioners):
  - a. Form 700 – Assuming Office, Annual, and Leaving Office when term is complete.
  - b. Planning Commissioners are also required to complete AB 1234 Ethics Training and file the original certificate with the Town Clerk every two years.



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3. Failure to comply with all Town Policies, Guidelines, and Handbooks.

### **CONFLICT OF INTEREST**

Under the Fair Political Practice Act, an advisory board member has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision-making that could sacrifice the public's interest in favor of the official's private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision.

The Fair Political Practice Act does not prohibit an advisory board member from participating in a decision simply by virtue of holding a position as a board member, director, officer or employment with a nonprofit corporation. However, the Town strongly encourages that in the event that a decision concerns a nonprofit corporation for which an advisory board member is a board member, director, officer or employed with that nonprofit corporation, the person should recuse him or herself and at a minimum shall disclose the potential conflict of interest before any discussion and decision.

APPROVED AS TO FORM:

  
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Robert Schultz, Town Attorney



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**DRAFT  
Minutes of the Town Council Meeting  
November 3, 2020**

The Town Council of the Town of Los Gatos conducted a regular meeting via Teleconference via COVID-19 Shelter in Place Guidelines on November 3, 2020, 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 Rob Rennie, Council Member Marico Sayoc. (All participating remotely).

Absent: None

**COUNCIL/TOWN MANAGER REPORTS**

**Council Matters**

- Vice Mayor Spector stated she attended the Council Ad Hoc Wildfire Committee, Community Culture Workshop, Council Policy Committee, and Santa Clara Valley Water District (Valley Water) Commission meetings.
- Council Member Sayoc stated she had nothing significant to report.
- Council Member Rennie stated he attended the Valley Transportation Authority (VTA) Capital Program Committee meeting, San Francisco Bay Area Planning and Urban Research Association (SPUR) 2020 Silver SPUR Awards, ethics training provided by Santa Clara County, West Valley Mayors and Managers meeting with Mayor Jensen, San Jose Downtown Transportation Workshop, and the VTA Bike Superhighway community meeting.
- Mayor Jensen stated she attended the Council Policy Committee, Community Culture Workshop, West Valley Mayors and Managers, and the Council Ad Hoc Wildfire Committee meetings.

**Manager Matters**

- Announced applications for commissions, boards, and committees are due on Friday, November 6, at 4:00 p.m. and encouraged the community to volunteer.

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

1. Approve Minutes of the October 20, 2020 Closed Session Town Council Meeting.
2. Approve Minutes of the October 20, 2020 Town Council Meeting.

Consent Items – continued

3. Gann Appropriation Limit

- a. Authorize the Town Manager to Enter into an Agreement with the County of Santa Clara for Transfer of Appropriation Limit of the June 18, 2019 Annexation.
- b. Adopt a Resolution Establishing the FY 2020/21 Gann Appropriations Limit for the Town of Los Gatos. **RESOLUTION 2020-043**

4. Approve Revisions to the Town’s Operating Portfolio Investment Policy as Recommended by the Council Finance Committee.
5. Approval of an Additional Affordable Housing Loan in the Amount of \$600,000 for the Total Amount of \$1,200,000 to Develop Affordable Housing on the Property Located on 20 Dittos Lane and Authorize the Town Manager to Execute all Documents Needed to Complete the Transaction in a Form Acceptable to the Town Attorney.
6. Authorize the Town Manager to Purchase Two Police Patrol Vehicles from Folsom Lake Ford in an Amount Not to Exceed \$83,270.

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

**VOTE: Motion passed unanimously.**

**VERBAL COMMUNICATIONS**

No one spoke.

**OTHER BUSINESS**

7. 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 \$18,431 from Available General Fund Capital/Special Projects Reserve.

Lisa Velasco, Human Resources Director, presented the staff report for items #7 and #8.

Opened public comment for items #7 and #8.

Lee Fagot

- Commented on reallocating funds when long-term implications are difficult to predict and requested Council act conservatively.

Closed public comment for items #7 and #8.

Council discussed items #7 and #8.

Other Business Item #7 - continued

**MOTION:** Motion by Council Member Sayoc to 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 \$18,431 from available general fund capital/special projects reserve. **Seconded by Mayor Jensen.**

**VOTE:** Motion passed unanimously.

8. 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 \$13,528 from Available General Fund Capital/Special Projects Reserve.

**MOTION:** Motion by Council Member Sayoc to 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 \$13,528 from available general fund capital/special projects reserve. **Seconded by Mayor Jensen.**

**VOTE:** Motion passed unanimously.

### **PUBLIC HEARINGS**

9. Adopt A Resolution (Attachment 1) Accepting Funds From the California Supplemental Law Enforcement Service Fund (SLESF) of Which \$100,000 Will be Directed to Purchase Equipment and Technology and \$100,000 Will be Directed Toward the Contractually Required Traffic Enforcement Within the City Limits of Monte Sereno; and Authorize an Expenditure Budget Adjustment in the Amount of \$100,000 From Available Capital/Special Projects Reserve. **RESOLUTION 2020-044**

Heather St. John, Police Department Administrative Analyst, presented the staff report.

Opened public comment.

No one spoke.

Closed public comment.

Council discussed the matter.

Public Hearing Item # 9 – continued

**MOTION:** Motion by Council Member Rennie to adopt a resolution (Attachment 1) accepting funds from the California Supplemental Law Enforcement Service Fund (SLESF) of which \$100,000 will be directed to purchase equipment and technology and \$100,000 will be directed toward the contractually required traffic enforcement within the city limits of Monte Sereno; and authorize an expenditure budget adjustment in the amount of \$100,000 from available capital/special projects reserve. **Seconded by Mayor Jensen.**

**VOTE:** Motion passed unanimously.

### **OTHER BUSINESS**

10. Implement the Following Police Reforms:

- a. Authorize the Town Manager to establish an Independent Police Auditor function;
- b. Work with the County of Santa Clara Regarding Responses to Mental Health and Homeless Calls for Service;
- c. Add a Limit Dated (Two Years) Community Service Officer Position to the Police Department to Respond to Non-Emergency Calls at an Annual Cost of Approximately \$148,000 and Authorize a FY 2020/21 Expenditure Budget Adjustment in the Amount of \$68,461 from Available General Fund Capital/Special Projects Reserve; and
- d. Acknowledge the Timeline for Police Stop Data Availability and Transparency.

Laurel Prevetti, Town Manager, presented the item with the Honorable Judge LaDoris Cordell.

Opened public comment.

Lee Fagot

- Commented in support of the Police Department, thanked to the Town and Council for holding the Community Workshop, suggested there be some type of oversight to investigate actions before a complaint is filed, requested Council consider staff recommendations, inquired if citizens could be included on the Committee for a different perspective, and requested financial transparency.

Jeff Suzuki

- Thanked the Town and Council for considering these items, commented on concerns regarding waiting until an annual report for complaint data, suggested a civilian element to determine discipline, and asked Council to consider reducing overall Police service hours by 30% and reinvesting in overall community mental health.

Closed public comment.

Other Business Item #10 – continued

Council discussed the item.

**MOTION: Motion by Council Member Sayoc** to acknowledge the timeline for police stop data availability and transparency contained in the staff report. **Seconded by Council Member Rennie.**

**VOTE: Motion passed unanimously.**

**MOTION: Motion by Council Member Sayoc** to work with the County of Santa Clara regarding responses to mental health and homeless calls for service, with the understanding that response times will be reviewed annually to monitor how well the County positions are staffed and response times to the Town’s calls for service. **Seconded by Council Member Rennie.**

**VOTE: Motion passed unanimously.**

**MOTION: Motion by Council Member Rennie** to authorize the Town Manager to establish an Independent Police Auditor (IPA) function with a preference given for retired attorneys or judges, no more than two former Police command staff, and the Police Chief may see the report but cannot alter it. **AMENDED:** removal of the maximum number of former Police command staff as independent investigators and added that the IPA report be published quarterly. **Seconded by Vice Mayor Spector.**

**VOTE: Motion passed unanimously.**

**MOTION: Motion by Council Member Rennie** to refer the consideration of adding a limited dated Community Service Officer position to the Town’s budget process for the 2021/2022 fiscal year. **Seconded by Vice Mayor Spector.**

**VOTE: Motion passed unanimously.**

## **ADJOURNMENT**

The meeting adjourned at 8:54 p.m.

Submitted by:

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Jenna De Long, Deputy Clerk



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 2

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DATE: November 11, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the First Quarter Investment Report (July through September 2020) for Fiscal Year 2020/21.

**RECOMMENDATION:**

Receive the First Quarter Investment Report (July through September 2020) for Fiscal Year 2020/21.

**DISCUSSION:**

As of September 30, 2020, the Town's weighted portfolio yield was 1.86% which trended above the Local Agency Investment Fund (LAIF) yield of 0.69%. This favorable yield differential was primarily due to the LAIF portfolio's weighted average maturity (WAM) of 169 days and the Town's longer WAM of 556 days. The Town's weighted average rate of return of 1.86% for the first quarter remained stable relative to the first quarter return of 2.02% in 2019.

In the months prior to the COVID-19 outbreak, staff in consultation with the Town's investment advisor had been extending maturities to capture higher yields currently associated with longer dated securities. In recent months, the economic fallout associated with the pandemic has led to Treasury yields falling dramatically. For example on September 30, 2020, ten-year US Treasury notes were yielding 0.69% versus 1.69% on September 30, 2019.

During the first quarter, staff in coordination with the Town's investment advisor started investing most maturing investments into the State Local Agency Investment Fund (LAIF) pool to capture the higher short-term yields. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing. However, with LAIF's WAM of 169 days, staff is expecting a steady decline in LAIF portfolio yields until the LAIF portfolio reflects the low short-term investment yields available in the market.

**PREPARED BY:** Stephen Conway  
Finance Director

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

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PAGE 2 OF 2

SUBJECT: Receive the First Quarter Investment Report (July through September 2020) for  
Fiscal Year 2020/21

DATE: November 11, 2020

The Federal Reserve (Fed) projects no change to its policy until late 2023. The Fed said it is committed to keeping the target range for the federal funds rate at 0% to 0.25% until “labor market conditions have reached levels consistent with the Committee's assessment of maximum employment

CONCLUSION:

Staff recommends that the Town Council receive the First Quarter Investment Report (July through September 2020) for Fiscal Year 2020/21.

Attachment:

1. First Quarter Investment Report for FY 2020/21 (July through September 2020)



**Town of Los Gatos  
Summary Investment Information  
September 30, 2020**

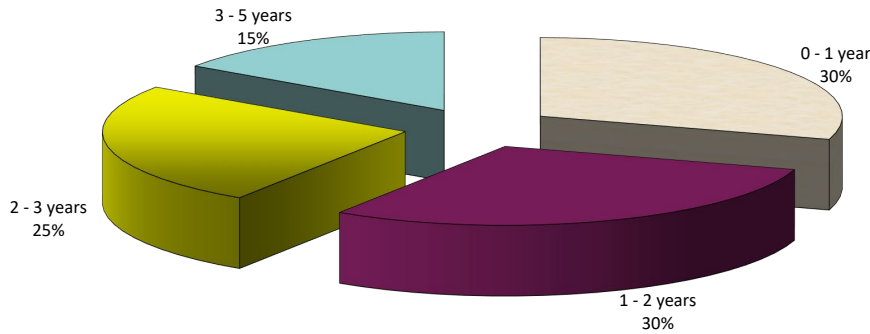
**Weighted Average YTM Portfolio Yield: 1.86%** **Weighted Average Maturity (days) 556**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
<b>Portfolio Balance</b>	\$59,981,525	\$60,272,540	\$61,720,311

**Benchmarks/ References:**

Town's Average Yield	1.86%	1.86%	2.02%
LAIF Yield for month	0.69%	0.92%	2.28%
3 mo. Treasury	0.11%	0.11%	1.82%
6 mo. Treasury	0.10%	0.12%	1.82%
2 yr. Treasury	0.13%	0.13%	1.62%
5 yr. Treasury (most recent)	0.28%	0.27%	1.55%
10 Yr. Treasury	0.69%	0.71%	1.67%

**Portfolio Maturity Profile**

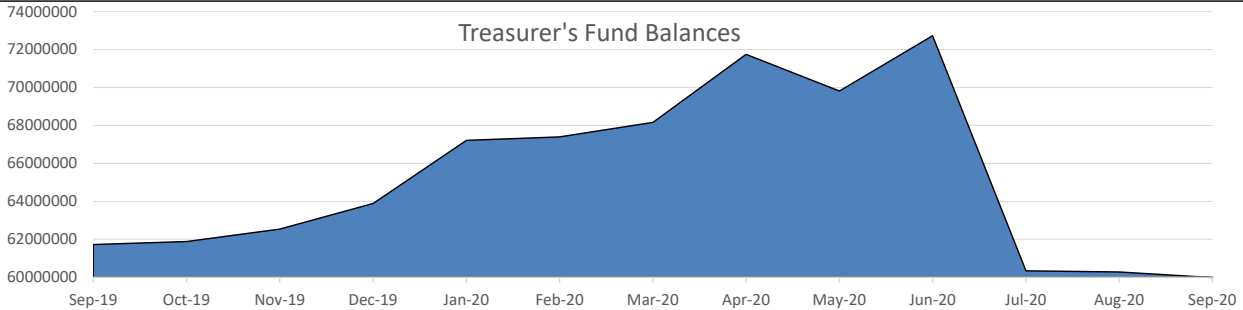
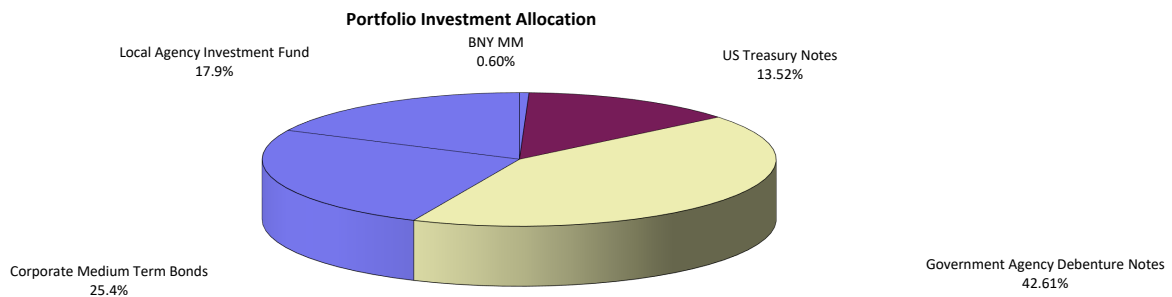


**Compliance:** The Town's investments are in compliance with the Town's investment policy dated November 3, 2020 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos**  
**Portfolio Allocation & Treasurer's Fund Balances**  
**September 30, 2020**

	<u>Month</u>	<u>YTD</u>
Fund Balances - Beginning of Month/Period	\$60,272,540.27	\$72,729,892.43
Receipts	4,017,155.42	11,825,725.95
Disbursements	<u>(4,308,171.03)</u>	<u>(24,574,093.72)</u>
Fund Balances - End of Month/Period	<u>\$59,981,524.66</u>	<u>\$59,981,524.66</u>

<u>Portfolio Allocation:</u>	<u>% of Portfolio</u>	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$340,145.64	0.60%
US Treasury Notes	\$7,723,416.42	13.52%
Government Agency Debenture Notes	\$24,340,417.75	42.61%
Corporate Medium Term Bonds	\$14,514,839.51	25.41%
Local Agency Investment Fund	<u>10,210,051.74</u>	17.87%
Subtotal - Investments	57,128,871.06	100.00%
Reconciled Demand Deposit Balances	<u>2,852,653.60</u>	
 Total Treasurer's Fund	 <u>\$59,981,524.66</u>	



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**September 30, 2020**

	Beginning Balance	SEP 20 Deposits Realized Gain/Adj.	SEP 20 Interest/ Earnings	SEP 20 Withdrawals	Ending Balance	
<b>Non-Treasury Funds:</b>						
Cert. of Participation 2002 Series A Reserve Fund	\$ 686,268.48		\$ 5.89	\$ -	\$ 686,274.37	<b>Note 1</b>
Cert. Of Participation 2010 Ser A Lease Pymt Fund	3.62	0.00	2.51		\$ 6.13	<b>Note 1</b>
Cert. of Participation 2002 Lease Payment Fund	0.15	0.00	0.30		\$ 0.45	<b>Note 1</b>
Cert. of Participation 2010 Series Reserve Fund	<u>1,298,066.97</u>		<u>31.84</u>		<u>1,298,098.81</u>	<b>Note 2</b>
Total Restricted Funds:	<u>\$ 1,984,339.22</u>	<u>\$0.00</u>	<u>\$40.54</u>	<u>\$0.00</u>	<u>\$1,984,379.76</u>	
CEPPT IRS Section 115 Trust	<u>688,026.00</u>	<u>0.00</u>	<u>(5,181.38)</u>		<u>682,844.62</u>	
Grand Total COP's and CEPPT Trust	<u>\$ 2,672,365.22</u>	<u>\$ -</u>	<u>\$ (5,140.84)</u>	<u>\$ -</u>	<u>\$ 2,667,224.38</u>	

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

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

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

**Note 3:** The CEPPT Section IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other pc

**Town of Los Gatos  
Statement of Interest Earned  
September 30, 2020**

Interest by Month

July 2020	\$78,263.77
August 2020	78,263.76
September 2020	75,077.38
October 2020	
November 2020	
December 2020	
January 2021	
February 2021	
March 2021	
April 2021	
May 2021	
June 2021	
	<hr/>
	<u>\$231,604.91</u>

**Town of Los Gatos Investment Schedule September  
2020**

Institution	CUSIP #	Security	Deposit Date	Par Value	Original Cost	Market Value	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Treasury	912828WR7	US Treasury Note	4/2/2019	1,000,000.00	995,625.00	1,015,000.00		6/30/2021	2.33%	\$ 26,474.45	\$ 28,917.32	\$ 5,847.02	273
Toyota Motor Credit	89236TDP7	Corporate Bond	05/20/19	1,100,000.00	1,102,596.00	1,132,335.35		1/11/2022	2.50%	\$ 32,651.67	\$ 30,798.33	\$ 6,961.78	468
Toyota Motor Credit	89236TCZ6	Corporate Bond	3/13/2020	500,000.00	504,440.00	504,186.80		4/8/2021	1.06%	\$ 659.72	\$ 1,599.24	\$ 1,349.81	190
FFCB	3133EKMX1	Gov. Agency Debenture	8/2/2019	1,000,000.00	1,014,400.00	1,066,655.41		2/23/2024	1.90%	\$ 29,175.83	\$ 17,466.66	\$ 4,825.62	1241
FFCB	3133ELVV3	Gov. Agency Debenture	4/8/2020	1,600,000.00	1,600,000.00	1,600,245.52		4/8/2022	0.93%	\$ -	\$ 3,456.44	\$ 3,831.23	555
FNMA	3136G0AW1	Gov. Agency Debenture	12/13/2017	2,000,000.00	2,017,900.00	2,001,842.68		10/16/2020	2.02%	\$ 110,058.33	\$ 103,715.85	\$ 10,260.06	16
IBM	459200HG9	Corporate Bond	8/8/2019	1,000,000.00	995,010.00	1,030,096.03		8/1/2022	2.05%	\$ 18,385.42	\$ 18,296.32	\$ 5,147.59	670
Oracle	68389XBL8	Corporate Bond	7/8/2019	1,000,000.00	1,008,880.00	1,051,766.25		7/15/2023	2.18%	\$ 28,466.67	\$ 21,374.17	\$ 5,492.80	1018
US Treasury	912828R28	US Treasury Note	7/2/2019	500,000.00	497,246.09	519,101.56		4/30/2023	1.77%	\$ 6,734.04	\$ 8,819.78	\$ 2,229.18	942
American Express	0258M0EB1	Corporate Bond	2/11/2020	1,000,000.00	1,007,210.00	1,009,968.75		4/4/2021	1.66%	\$ 5,250.00	\$ 6,215.30	\$ 4,084.34	186
Freddie Mac	3137EAEEN5	Gov. Agency Debenture	7/19/2019	2,000,000.00	2,072,358.00	2,135,202.18		6/19/2023	1.79%	\$ 50,416.67	\$ 34,741.74	\$ 9,211.07	992
FFCB	3133EKVFO	Gov. Agency Debenture	7/22/2019	1,000,000.00	999,630.00	1,038,370.79		1/17/2023	1.89%	\$ 18,489.58	\$ 17,771.06	\$ 4,752.73	839
Treasury	912828L57	US Treasury Note	7/22/2019	1,200,000.00	1,197,988.40	1,238,812.50		9/30/2022	2.09%	\$ 25,016.39	\$ 20,385.25	\$ 5,451.87	730
Freddie Mac	3137EADB2	Gov. Agency Debenture	1/17/2020	2,100,000.00	2,132,039.70	2,160,618.12		1/13/2022	2.12%	\$ 24,383.34	\$ 15,274.50	\$ 8,516.69	470
US Treasury	912828Y20	Gov. Agency Debenture	1/31/2020	1,000,000.00	1,016,601.56	1,019,687.50		7/15/2021	1.47%	\$ 11,971.16	\$ 6,138.62	\$ 3,740.09	288
American Honda	02665WCC2	Corporate Bond	11/27/2019	1,000,000.00	1,012,410.01	1,058,224.52		6/27/2024	2.12%	\$ 24,733.34	\$ 12,601.45	\$ 5,367.28	1366
JP Morgan Chase	46625HJE1	Gov. Agency Debenture	2/11/2020	900,000.00	934,587.00	951,281.83		9/23/2022	1.74%	\$ 18,037.50	\$ 6,148.83	\$ 4,040.66	723
Honeywell Int'l.	438516BW5	Corporate Bond	11/20/2019	1,000,000.00	1,014,660.00	1,066,416.20		7/15/2024	1.64%	\$ 16,483.33	\$ 12,127.88	\$ 5,003.43	1384
Disney	254687CK0	Corporate Bond	3/4/2020	1,000,000.00	1,029,080.00	1,015,665.65		2/15/2021	1.39%	\$ 20,125.00	\$ 4,687.49	\$ 3,654.65	138
FNMA	3135G0V75	Gov. Agency Debenture	10/17/2019	1,100,000.00	1,105,833.30	1,160,982.15		7/2/2024	1.63%	\$ 13,956.25	\$ 12,682.51	\$ 4,540.04	1371
US Bancorp	91159HHV5	Corporate Bond	12/24/2019	1,000,000.00	1,049,040.00	1,088,038.71		1/5/2024	2.12%	\$ 20,718.75	\$ 11,183.73	\$ 5,443.93	1192
FFCB	3133EKCS3	Gov. Agency Debenture	3/21/2019	1,400,000.00	1,403,262.00	1,414,974.79		3/11/2021	2.43%	\$ 52,558.33	\$ 43,563.60	\$ 8,582.12	162
FFCB	3133EKQA7	Gov. Agency Debenture	10/21/2019	1,000,000.00	1,019,780.00	1,069,965.29		9/10/2024	1.66%	\$ 18,431.11	\$ 11,615.55	\$ 4,223.84	1441
PNC Financial	693476BN2	Corporate Bond	8/15/2019	1,000,000.00	1,029,280.00	1,039,601.37		2/6/2022	2.12%	\$ 35,108.33	\$ 18,589.78	\$ 5,344.56	494
FHLB	313379Q69	Gov. Agency Debenture	7/22/2019	1,000,000.00	1,006,960.00	1,033,240.43		6/10/2022	1.87%	\$ 18,770.83	\$ 17,755.82	\$ 4,748.65	618
FNMA	3135G0V59	Gov. Agency Debenture	11/27/2019	1,540,000.00	1,562,924.44	1,589,858.22		4/12/2022	1.61%	\$ 12,993.75	\$ 14,793.93	\$ 6,301.12	559
JP Morgan Chase	46625HJT8	Corporate Bond	9/23/2019	1,400,000.00	1,485,414.00	1,544,493.48		2/1/2024	2.39%	\$ 46,413.89	\$ 26,688.85	\$ 8,737.99	1219
American Honda	02665WDH1	Corporate Bond	2/14/2020	600,000.00	603,756.00	621,099.40		5/10/2023	1.75%	\$ 4,745.00	\$ 3,955.80	\$ 2,656.45	952
FHLB	3130AABG2	US Treasury Note	4/15/2019	1,000,000.00	988,250.00	1,019,983.17		11/29/2021	2.34%	\$ 21,041.67	\$ 28,121.02	\$ 5,853.24	425
FNMA	3135G0Q89	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,702.00	1,012,368.18		10/7/2021	1.38%	\$ 2,177.08	\$ 5,614.15	\$ 3,663.14	372
FNMA	3135G0J20	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,882.00	1,004,995.55		2/26/2021	1.48%	\$ 7,486.11	\$ 5,724.31	\$ 3,735.01	149
Treasury	912828M80	US Treasury Note	7/22/2019	1,000,000.00	1,006,175.23	1,040,351.56		11/30/2022	1.81%	\$ 17,158.47	\$ 17,118.04	\$ 4,578.08	791
Treasury	912828U57	US Treasury Note	7/31/2019	1,000,000.00	1,011,875.00	1,061,835.94		11/30/2023	1.84%	\$ 17,708.33	\$ 16,990.40	\$ 4,666.02	1156
BankAmerica Corp	06051GGS2	Corporate Bond	4/30/2020	1,300,000.00	1,302,314.00	1,300,000.00	2,437.92	10/1/2020	1.21%	\$ (2,437.92)	\$ 4,141.23	\$ 6,245.80	1
Treasury	912828X70	US Treasury Note	12/30/2019	1,000,000.00	1,010,589.29	1,064,687.50		4/30/2024	1.75%	\$ 7,703.30	\$ 9,805.98	\$ 4,929.78	1308
Treasury	912828XT2	US Treasury Note	10/31/2019	1,000,000.00	1,015,667.41	1,065,976.56		5/31/2024	1.64%	\$ 11,639.34	\$ 11,040.77	\$ 4,180.04	1339
Wells Fargo	94988J6A0	Corporate Bond	6/24/2020	1,350,000.00	1,370,749.50	1,369,092.78		9/9/2021	0.80%	\$ 5,357.48	\$ 163.99	\$ 2,514.48	344
FFCB	3133EJ3Q0	Gov. Agency Debenture	8/28/2019	1,500,000.00	1,587,503.75	1,626,578.42		12/21/2023	2.12%	\$ 35,098.96	\$ 19,226.80	\$ 5,761.78	1177
Freddie Mac	3133EKKT2	Gov. Agency Debenture	6/24/2019	1,550,000.00	1,573,188.00	1,624,507.76		2/8/2023	1.82%	\$ 47,856.25	\$ 29,033.70	\$ 7,180.38	861
Subtotal				\$ 44,640,000.00	\$ 45,282,807.68	\$ 46,368,108.90	\$ 2,437.92			\$ 861,997.75	\$ 678,346.17	\$ 203,654.35	
BNY MM					436,084.15	436,084.15			0.00%				1
LAIF		N/A			11,210,051.74	11,210,051.74			0.69%		23,601.78		1
					\$56,928,943.57	\$58,014,244.79				\$ 861,997.75	\$ 678,346.17	\$ 227,256.13	

<u>Matured Assets</u>	
FNMA	3133EHYM9 Gov. Agency Debenture 9/21/2017 1,300,000.00 1,295,866.00 9/14/2020 1.61% \$ 58,120.83 \$ 57,964.67 \$ 4,348.78

Total Investments "Matured" \$ 4,348.78

Total Interest FY 20\_21 Matured and Current \$ 231,604.91

<u>Maturity Profile</u>		Amount
0-1 year		\$23,292,199.95
1-2 years		\$11,415,762.14
2-3 years		\$9,893,808.72
3-5 years		\$ 12,327,172.76
		<u>\$56,928,943.57</u>

**Market to Cost Position Report**

<u>Institution</u>	<u>Amortized Cost</u>
BNY Assets	\$45,282,807.68
BNY MM	436,084.15
LAIF	11,210,051.74
<u>Totals:</u>	<u>\$56,928,943.57</u>

**Town of Los Gatos  
Summary Investment Information  
August 31, 2020**

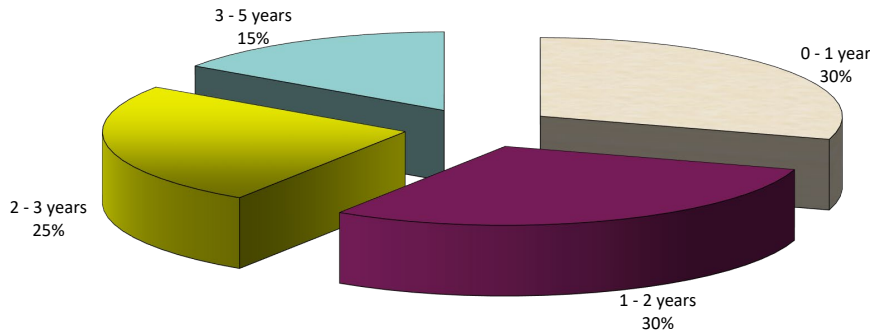
**Weighted Average YTM Portfolio Yield: 1.86%** **Weighted Average Maturity (days) 577**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
<b>Portfolio Balance</b>	\$60,272,540	\$60,339,136	\$62,530,263

**Benchmarks/ References:**

Town's Average Yield	1.86%	1.86%	1.99%
LAIF Yield for month	0.92%	0.92%	2.34%
3 mo. Treasury	0.11%	0.10%	2.07%
6 mo. Treasury	0.12%	0.10%	2.07%
2 yr. Treasury	0.13%	0.11%	1.87%
5 yr. Treasury (most recent)	0.27%	0.21%	1.83%
10 Yr. Treasury	0.71%	0.53%	2.02%

**Portfolio Maturity Profile**



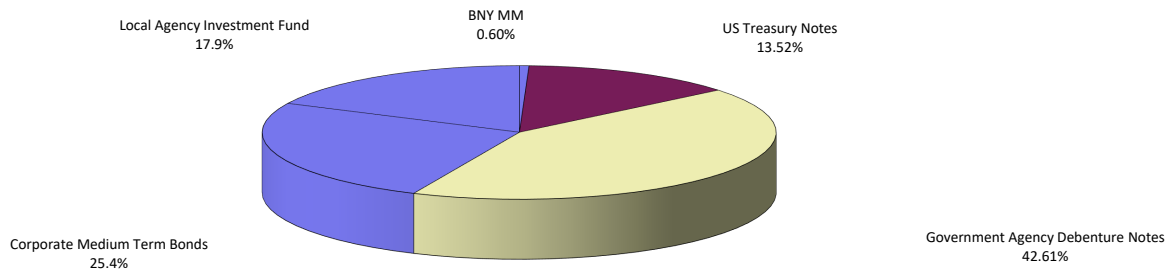
**Compliance:** The Town's investments are in compliance with the Town's investment policy dated November 3, 2020 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos  
Portfolio Allocation & Treasurer's Fund Balances  
August 31, 2020**

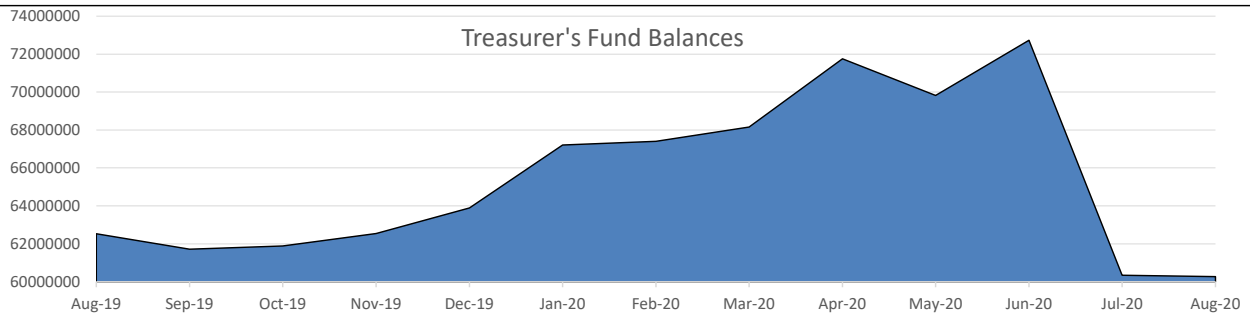
	<u>Month</u>	<u>YTD</u>
Fund Balances - Beginning of Month/Period	\$60,339,136.48	\$72,729,892.43
Receipts	4,194,315.64	7,808,570.53
Disbursements	<u>(4,260,911.85)</u>	<u>(20,265,922.69)</u>
Fund Balances - End of Month/Period	<u>\$60,272,540.27</u>	<u>\$60,272,540.27</u>

<u>Portfolio Allocation:</u>		<u>% of Portfolio</u>	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$340,145.64	0.60%	20% of Town Portfolio
US Treasury Notes	\$7,723,416.42	13.52%	No Max. on US Treasuries
Government Agency Debenture Notes	\$24,340,417.75	42.61%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$14,514,839.51	25.41%	30% of Town Portfolio
Local Agency Investment Fund	<u>10,210,051.74</u>	<u>17.87%</u>	<u>\$75 M per State Law</u>
Subtotal - Investments	57,128,871.06	100.00%	
Reconciled Demand Deposit Balances	<u>3,143,669.21</u>		
 Total Treasurer's Fund	 <u>\$60,272,540.27</u>		

**Portfolio Investment Allocation**



**Treasurer's Fund Balances**



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**August 31, 2020**

	Beginning Balance	AUG 20 Deposits Realized Gain/Adj.	AUG 20 Interest/ Earnings	AUG 20 Withdrawals	Ending Balance	
<b>Non-Treasury Funds:</b>						
Cert. of Participation 2002 Series A Reserve Fund	\$ 686,262.59		\$ 5.89	\$ -	\$ 686,268.48	<b>Note 1</b>
Cert. Of Participation 2010 Ser A Lease Pymt Fund	1,057,162.50	0.00	3.62	1,057,162.50	\$ 3.62	<b>Note 1</b>
Cert. of Participation 2002 Lease Payment Fund	535,306.25	0.00	0.15	535,306.25	\$ 0.15	<b>Note 1</b>
Cert. of Participation 2010 Series Reserve Fund	<u>1,297,995.22</u>		<u>71.75</u>		<u>1,298,066.97</u>	<b>Note 2</b>
<b>Total Restricted Funds:</b>	<u>\$ 1,987,621.42</u>	<u>\$0.00</u>	<u>\$9.66</u>	<u>\$1,592,468.75</u>	<u>\$1,984,339.22</u>	
CEPPT IRS Section 115 Trust	684,349.85	0.00	3,676.15		688,026.00	
<b>Grand Total COP's and PARS Trust</b>	<u>\$ 2,671,971.27</u>	<u>\$ -</u>	<u>\$ 3,685.81</u>	<u>\$ 1,592,468.75</u>	<u>\$ 2,672,365.22</u>	

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

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

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

**Note 3:** The CEPPT Section IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other pc



**Town of Los Gatos  
Statement of Interest Earned  
August 31, 2020**

Interest by Month

July 2020	\$78,263.77
August 2020	78,263.76
September 2020	
October 2020	
November 2020	
December 2020	
January 2021	
February 2021	
March 2021	
April 2021	
May 2021	
June 2021	
	<hr/>
	<u>\$156,527.53</u>

Town of Los Gatos Investment Schedule August 2020

Institution	CUSIP #	Security	Deposit Date	Par Value	Original Cost	Market Value	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Treasury	912828WR7	US Treasury Note	4/2/2019	1,000,000.00	995,625.00	1,016,171.88		6/30/2021	2.33%	\$ 26,474.45	\$ 28,917.32	\$ 3,940.38	303
Toyota Motor Credit	89236TDP7	Corporate Bond	05/20/19	1,100,000.00	1,102,596.00	1,134,153.53		1/11/2022	2.50%	\$ 32,651.67	\$ 30,798.33	\$ 4,691.64	498
Toyota Motor Credit	89236TCZ6	Corporate Bond	3/13/2020	500,000.00	504,440.00	504,722.92		4/8/2021	1.06%	\$ 659.72	\$ 1,599.24	\$ 909.66	220
FFCB	3133EKMX1	Gov. Agency Debenture	8/2/2019	1,000,000.00	1,014,400.00	1,066,943.82		2/23/2024	1.90%	\$ 29,175.83	\$ 17,466.66	\$ 3,252.05	1271
FFCB	3133ELVV3	Gov. Agency Debenture	4/8/2020	1,600,000.00	1,600,000.00	1,601,254.18		4/8/2022	0.93%	\$ -	\$ 3,456.44	\$ 2,581.92	585
FNMA	3133EHYM9	Gov. Agency Debenture	9/21/2017	1,300,000.00	1,295,866.00	1,300,656.28		9/14/2020	1.61%	\$ 48,370.83	\$ 57,964.67	\$ 3,547.69	14
FNMA	3136GOAW1	Gov. Agency Debenture	12/13/2017	2,000,000.00	2,017,900.00	2,005,588.60		10/16/2020	2.02%	\$ 110,058.33	\$ 103,715.85	\$ 6,914.39	46
IBM	459200HG9	Corporate Bond	8/8/2019	1,000,000.00	995,010.00	1,030,994.25		8/1/2022	2.05%	\$ 18,385.42	\$ 18,296.32	\$ 3,469.03	700
Oracle	68389XBL8	Corporate Bond	7/8/2019	1,000,000.00	1,008,880.00	1,056,686.20		7/15/2023	2.18%	\$ 16,466.67	\$ 21,374.17	\$ 3,701.67	1048
US Treasury	912828R28	US Treasury Note	7/2/2019	500,000.00	497,246.09	519,707.03		4/30/2023	1.77%	\$ 6,734.04	\$ 8,819.78	\$ 1,502.27	972
American Express	0258M0EB1	Corporate Bond	2/21/2020	1,000,000.00	1,007,210.00	1,011,725.63		4/4/2021	1.66%	\$ 5,250.00	\$ 6,215.30	\$ 2,752.49	216
Freddie Mac	3137EAE5	Gov. Agency Debenture	7/19/2019	2,000,000.00	2,072,358.00	2,139,784.96		6/19/2023	1.79%	\$ 50,416.67	\$ 34,741.74	\$ 6,207.46	1022
FFCB	3133EKVF0	Gov. Agency Debenture	7/22/2019	1,000,000.00	999,630.00	1,039,390.68		1/17/2023	1.89%	\$ 18,489.58	\$ 17,771.06	\$ 3,202.92	869
Treasury	912828L57	US Treasury Note	7/22/2019	1,200,000.00	1,197,988.40	1,240,406.26		9/30/2022	2.09%	\$ 14,516.39	\$ 20,385.25	\$ 3,674.09	760
Freddie Mac	3137EADB2	Gov. Agency Debenture	1/17/2020	2,100,000.00	2,132,039.70	2,164,267.79		1/13/2022	2.12%	\$ 24,383.34	\$ 15,274.50	\$ 5,739.51	500
US Treasury	912828Y20	Gov. Agency Debenture	1/31/2020	1,000,000.00	1,016,601.56	1,021,367.19		7/15/2021	1.47%	\$ 11,971.16	\$ 6,138.62	\$ 2,520.49	318
American Honda	02665WCC2	Corporate Bond	11/27/2019	1,000,000.00	1,012,410.01	1,058,466.92		6/27/2024	2.12%	\$ 24,733.34	\$ 12,601.45	\$ 3,617.08	1396
JP Morgan Chase	46625HJE1	Gov. Agency Debenture	2/1/2020	900,000.00	934,587.00	952,641.00		9/23/2022	1.74%	\$ 3,412.50	\$ 6,148.83	\$ 2,723.05	753
Honeywell Int'l.	438516BW5	Corporate Bond	11/20/2019	1,000,000.00	1,014,660.00	1,068,600.31		7/15/2024	1.64%	\$ 16,483.33	\$ 12,127.88	\$ 3,371.88	1414
Disney	254687CK0	Corporate Bond	3/4/2020	1,000,000.00	1,029,080.00	1,018,729.13		2/15/2021	1.39%	\$ 20,125.00	\$ 4,687.49	\$ 2,462.92	168
FNMA	3135GOV75	Gov. Agency Debenture	10/17/2019	1,100,000.00	1,105,833.30	1,160,757.66		7/2/2024	1.63%	\$ 13,956.25	\$ 12,682.51	\$ 3,059.59	1401
US Bancorp	91159HHV5	Corporate Bond	12/24/2019	1,000,000.00	1,049,040.00	1,093,669.57		1/5/2024	2.12%	\$ 20,718.75	\$ 11,183.73	\$ 3,668.74	1222
FFCB	3133EKC53	Gov. Agency Debenture	3/21/2019	1,400,000.00	1,403,262.00	1,417,609.05		3/11/2021	2.43%	\$ 34,708.33	\$ 43,563.60	\$ 5,783.60	192
FFCB	3133EKQA7	Gov. Agency Debenture	10/21/2019	1,000,000.00	1,019,780.00	1,069,202.57		9/10/2024	1.66%	\$ 8,031.11	\$ 11,615.55	\$ 2,846.50	1471
PNC Financial	693476BN2	Corporate Bond	8/15/2019	1,000,000.00	1,029,280.00	1,042,408.32		2/6/2022	1.12%	\$ 18,608.33	\$ 18,589.78	\$ 3,601.77	524
FHLB	313379Q69	Gov. Agency Debenture	7/22/2019	1,000,000.00	1,006,960.00	1,034,853.52		6/10/2022	1.87%	\$ 18,770.83	\$ 17,755.82	\$ 3,200.18	648
FNMA	3135GOV59	Gov. Agency Debenture	11/27/2019	1,540,000.00	1,562,924.44	1,592,849.58		4/12/2022	1.61%	\$ 12,993.75	\$ 14,793.93	\$ 4,246.40	589
JP Morgan Chase	46625HJT8	Corporate Bond	9/23/2019	1,400,000.00	1,485,414.00	1,549,260.96		2/1/2024	2.39%	\$ 46,413.89	\$ 26,688.85	\$ 5,888.64	1249
American Honda	02665WDH1	Corporate Bond	2/14/2020	600,000.00	603,756.00	622,457.58		5/10/2023	1.75%	\$ 4,745.00	\$ 3,955.80	\$ 1,790.22	982
FHLB	3130AABG2	US Treasury Note	4/15/2019	1,000,000.00	988,250.00	1,021,515.27		11/29/2021	2.34%	\$ 21,041.67	\$ 28,121.02	\$ 3,944.58	455
FNMA	3135GOQ89	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,702.00	1,013,367.94		10/7/2021	1.38%	\$ 2,177.08	\$ 5,614.15	\$ 2,468.63	402
FNMA	3135GOJ20	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,882.00	1,006,037.97		2/26/2021	1.48%	\$ 7,486.11	\$ 5,724.31	\$ 2,517.07	179
Treasury	912828M80	US Treasury Note	7/22/2019	1,000,000.00	1,006,175.23	1,041,757.81		11/30/2022	1.81%	\$ 17,158.47	\$ 17,118.04	\$ 3,085.23	821
Treasury	912828U57	US Treasury Note	7/31/2019	1,000,000.00	1,011,875.00	1,063,476.56		11/30/2023	1.84%	\$ 17,708.33	\$ 16,990.40	\$ 3,144.49	1186
BankAmerica Corp	06051GGS2	Corporate Bond	4/30/2020	1,300,000.00	1,302,314.00	1,302,036.58	2,437.92	10/1/2020	1.21%	\$ (2,437.92)	\$ 4,141.23	\$ 4,209.12	31
Treasury	912828X70	US Treasury Note	12/30/2019	1,000,000.00	1,010,589.29	1,066,015.62		4/30/2024	1.75%	\$ 7,703.30	\$ 9,805.98	\$ 3,322.24	1338
Treasury	912828XT2	US Treasury Note	10/31/2019	1,000,000.00	1,015,667.41	1,067,304.69		5/31/2024	1.64%	\$ 11,639.34	\$ 11,040.77	\$ 2,816.99	1369
Wells Fargo	9498836A0	Corporate Bond	6/24/2020	1,350,000.00	1,370,749.50	1,371,280.31	8,197.87	9/9/2021	0.80%	\$ (8,197.87)	\$ 163.99	\$ 1,694.54	374
FFCB	3133EJ3Q0	Gov. Agency Debenture	8/28/2019	1,500,000.00	1,587,503.75	1,627,879.02		12/21/2023	2.12%	\$ 35,098.96	\$ 19,226.80	\$ 3,882.94	1207
Freddie Mac	3133EKKT2	Gov. Agency Debenture	6/24/2019	1,550,000.00	1,573,188.00	1,627,066.71		2/8/2023	1.82%	\$ 47,856.25	\$ 29,033.70	\$ 4,838.95	891

Subtotal				\$ 45,940,000.00	\$ 46,578,673.68	\$ 47,743,065.85	\$ 10,635.79			\$ 814,938.23	\$ 736,310.84	\$ 140,793.01	
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BNY MM					340,145.64	340,145.64			0.00%				1
LAIF		N/A			10,210,051.74	10,210,051.74			0.78%			15,734.52	1

					\$57,128,871.06	\$58,293,263.23				\$ 814,938.23	\$ 736,310.84	\$ 156,527.53	
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Matured Assets

Total Investments "Matured"													
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Total Interest FY 19_20 Matured and Current												\$ 156,527.53	
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Maturity Profile	Amount
0-1 year	\$22,121,377.94
1-2 years	\$12,786,511.64
2-3 years	\$9,893,808.72
3-5 years	\$ 12,327,172.76
	\$57,128,871.06

Market to Cost Position Report

Institution	Amortized Cost
BNY Assets	\$46,578,673.68
BNY MM	340,145.64
LAIF	10,210,051.74
Totals:	\$57,128,871.06

**Town of Los Gatos  
Summary Investment Information  
July 31, 2020**

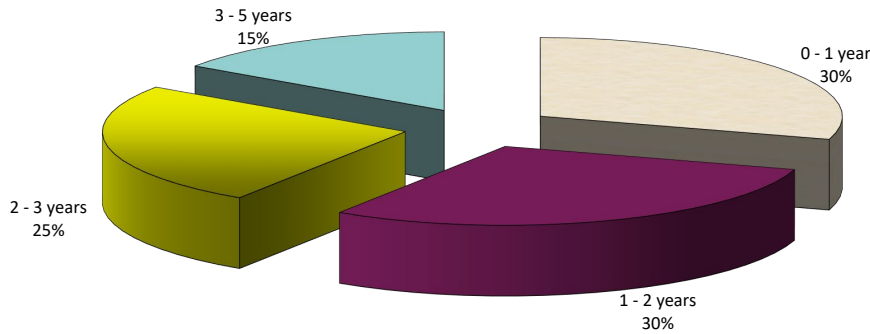
**Weighted Average YTM Portfolio Yield: 1.86%** **Weighted Average Maturity (days) 583**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
<b>Portfolio Balance</b>	\$60,339,136	\$72,729,892	\$65,922,912

**Benchmarks/ References:**

Town's Average Yield	1.86%	1.86%	1.98%
LAIF Yield for month	0.92%	1.22%	2.38%
3 mo. Treasury	0.10%	0.15%	2.07%
6 mo. Treasury	0.10%	0.19%	2.07%
2 yr. Treasury	0.11%	0.15%	1.87%
5 yr. Treasury (most recent)	0.21%	0.29%	1.83%
10 Yr. Treasury	0.53%	0.66%	2.02%

**Portfolio Maturity Profile**

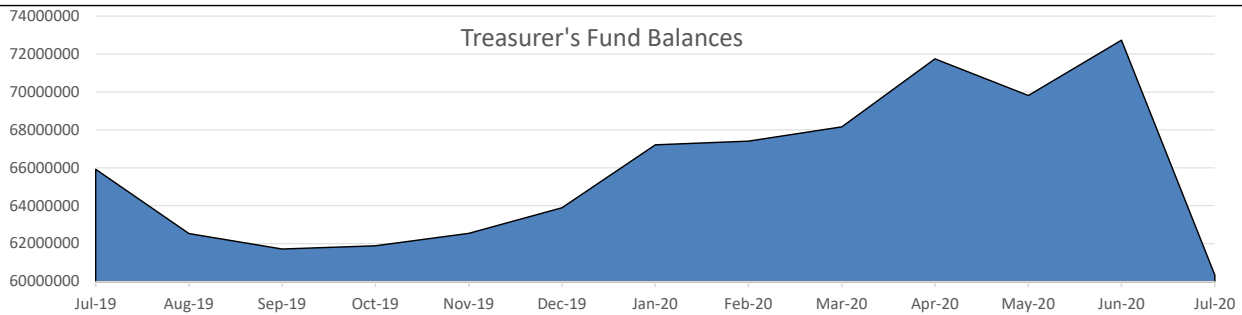
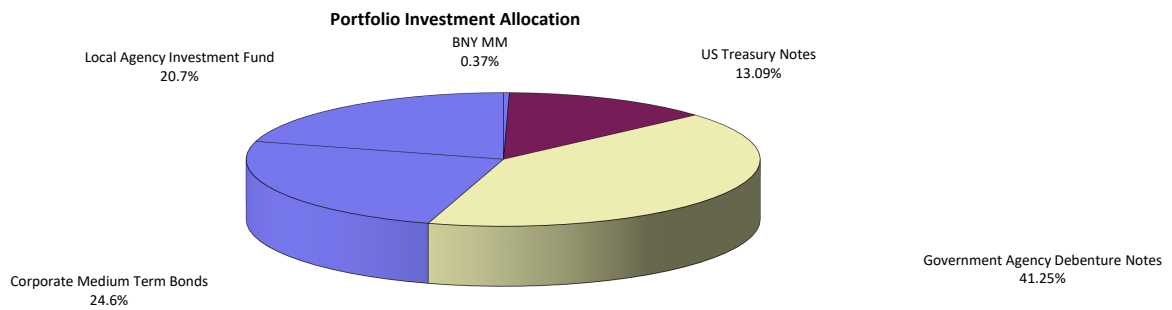


**Compliance:** The Town's investments are in compliance with the Town's investment policy dated November 3, 2020 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos  
Portfolio Allocation & Treasurer's Fund Balances  
July 31, 2020**

	<u>Month</u>	<u>YTD</u>
Fund Balances - Beginning of Month/Period	\$72,729,892.43	\$72,729,892.43
Receipts	3,614,254.89	3,614,254.89
Disbursements	<u>(16,005,010.84)</u>	<u>(16,005,010.84)</u>
Fund Balances - End of Month/Period	<u>\$60,339,136.48</u>	<u>\$60,339,136.48</u>

<u>Portfolio Allocation:</u>		<u>% of Portfolio</u>	<u>Max. % Or \$ Allowed Per State Law or Policy</u>
BNY MM	\$217,297.23	0.37%	20% of Town Portfolio
US Treasury Notes	\$7,723,416.42	13.09%	No Max. on US Treasuries
Government Agency Debenture Notes	\$24,340,417.75	41.25%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$14,514,839.51	24.60%	30% of Town Portfolio
Local Agency Investment Fund	<u>12,210,051.74</u>	20.69%	\$75 M per State Law
Subtotal - Investments	59,006,022.65	100.00%	
Reconciled Demand Deposit Balances	<u>1,333,113.83</u>		
<b>Total Treasurer's Fund</b>	<b><u>\$60,339,136.48</u></b>		



**Town of Los Gatos**  
**Non-Treasury Restricted Fund Balances**  
**July 31, 2020**

	Beginning Balance	JULY 20 Deposits Realized Gain/Adj.	JULY 20 Interest/ Earnings	JULY 20 Withdrawals	Ending Balance	
<b>Non-Treasury Funds:</b>						
Cert. of Participation 2002 Series A Reserve Fund	\$ 686,256.89		\$ 5.70	\$ -	\$ 686,262.59	<b>Note 1</b>
Cert. Of Participation 2010 Ser A Lease Pymt Fund	732.26	1,589,014.25	0.01	532,584.02	\$ 1,057,162.50	<b>Note 1</b>
Cert. of Participation 2002 Lease Payment Fund	2,722.23	532,584.02			\$ 535,306.25	<b>Note 1</b>
Cert. of Participation 2010 Series Reserve Fund	<u>1,297,910.04</u>		<u>85.18</u>		<u>1,297,995.22</u>	<b>Note 2</b>
<b>Total Restricted Funds:</b>	<u>\$ 1,987,621.42</u>	<u>\$ 2,121,598.27</u>	<u>\$ 90.89</u>	<u>\$ 532,584.02</u>	<u>\$ 3,576,726.56</u>	
CEPPT IRS Section 115 Trust	669,978.13	0.00	14,371.72		684,349.85	
<b>Grand Total COP's and CEPPT Trust</b>	<u>\$ 2,657,599.55</u>	<u>\$ 2,121,598.27</u>	<u>\$ 14,462.61</u>	<u>\$ 532,584.02</u>	<u>\$ 4,261,076.41</u>	

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

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

**Note 3:** The CEPPT Section IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other pc

**Town of Los Gatos  
Statement of Interest Earned  
July 31, 2020**

Interest by Month

July 2020	\$78,263.77
August 2020	
September 2020	
October 2020	
November 2020	
December 2020	
January 2021	
February 2021	
March 2021	
April 2021	
May 2021	
June 2021	
	<hr/>
	<u>\$78,263.77</u>

**Town of Los Gatos Investment Schedule July 2020**

Institution	CUSIP #	Security	Deposit Date	Par Value	Original Cost	Market Value	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Treasury	912828WR7	US Treasury Note	4/2/2019	1,000,000.00	995,625.00	1,018,046.88		6/30/2021	2.33%	\$ 26,474.45	\$ 28,917.32	\$ 1,970.19	334
Toyota Motor Credit	89236TDP7	Corporate Bond	05/20/19	1,100,000.00	1,102,596.00	1,135,475.00		1/11/2022	2.50%	\$ 32,651.67	\$ 30,798.33	\$ 2,345.82	529
Toyota Motor Credit	89236TCZ6	Corporate Bond	3/13/2020	500,000.00	504,440.00	505,664.96		4/8/2021	1.06%	\$ 659.72	\$ 1,599.24	\$ 454.83	251
FFCB	3133EKMX1	Gov. Agency Debenture	8/2/2019	1,000,000.00	1,014,400.00	1,070,267.19		2/23/2024	1.90%	\$ 18,025.83	\$ 17,466.66	\$ 1,626.03	1302
FFCB	3133ELVV3	Gov. Agency Debenture	4/8/2020	1,600,000.00	1,600,000.00	1,602,207.89		4/8/2022	0.93%	\$ -	\$ 3,456.44	\$ 1,290.96	616
FNMA	3133EHYM9	Gov. Agency Debenture	9/21/2017	1,300,000.00	1,295,866.00	1,302,019.81		9/14/2020	1.61%	\$ 48,370.83	\$ 57,964.67	\$ 1,773.84	45
FNMA	3136GOAW1	Gov. Agency Debenture	12/13/2017	2,000,000.00	2,017,900.00	2,009,023.06		10/16/2020	2.02%	\$ 110,058.33	\$ 103,715.85	\$ 3,457.20	77
IBM	459200HG9	Corporate Bond	8/8/2019	1,000,000.00	995,010.00	1,031,999.71		8/1/2022	2.05%	\$ 9,010.42	\$ 18,296.32	\$ 1,734.51	731
Oracle	68389XBL8	Corporate Bond	7/8/2019	1,000,000.00	1,008,880.00	1,057,070.39		7/15/2023	2.18%	\$ 16,466.67	\$ 21,374.17	\$ 1,850.84	1079
US Treasury	912828R28	US Treasury Note	7/2/2019	500,000.00	497,246.09	520,625.00		4/30/2023	1.77%	\$ 6,734.04	\$ 8,819.78	\$ 751.14	1003
American Express	0258M0EB1	Corporate Bond	2/11/2020	1,000,000.00	1,007,210.00	1,013,246.81		4/4/2021	1.66%	\$ 5,250.00	\$ 6,215.30	\$ 1,376.25	247
Freddie Mac	3137EAEN5	Gov. Agency Debenture	7/19/2019	2,000,000.00	2,072,358.00	2,145,928.40		6/19/2023	1.79%	\$ 50,416.67	\$ 34,741.74	\$ 3,103.73	1053
FFCB	3133EKVFO	Gov. Agency Debenture	7/22/2019	1,000,000.00	999,630.00	1,040,569.80		1/17/2023	1.89%	\$ 18,489.58	\$ 17,771.06	\$ 1,601.46	900
Treasury	912828L57	US Treasury Note	7/22/2019	1,200,000.00	1,197,988.40	1,242,187.50		9/30/2022	2.09%	\$ 14,516.39	\$ 20,385.25	\$ 1,837.04	791
Freddie Mac	3137EADB2	Gov. Agency Debenture	1/17/2020	2,100,000.00	2,132,039.70	2,167,420.56		1/13/2022	2.12%	\$ 24,383.34	\$ 15,274.50	\$ 2,869.75	531
US Treasury	912828Y20	Gov. Agency Debenture	1/31/2020	1,000,000.00	1,016,601.56	1,023,710.94		7/15/2021	1.47%	\$ 11,971.16	\$ 6,138.62	\$ 1,260.25	349
American Honda	02665WCC2	Corporate Bond	11/27/2019	1,000,000.00	1,012,410.01	1,061,433.09		6/27/2024	2.12%	\$ 12,733.34	\$ 12,601.45	\$ 1,808.54	1427
JP Morgan Chase	46625HUE1	Gov. Agency Debenture	2/11/2020	900,000.00	934,587.00	954,476.60		9/23/2022	1.74%	\$ 3,412.50	\$ 6,148.83	\$ 1,361.53	784
Honeywell Int'l.	438516BW5	Corporate Bond	11/20/2019	1,000,000.00	1,014,660.00	1,071,906.73		7/15/2024	1.64%	\$ 4,983.33	\$ 12,127.88	\$ 1,685.94	1445
Disney	254687CK0	Corporate Bond	3/4/2020	1,000,000.00	1,029,080.00	1,021,649.47	2,375.00	2/15/2021	1.39%	\$ (2,375.00)	\$ 4,687.49	\$ 1,231.46	199
FNMA	3135GOV75	Gov. Agency Debenture	10/17/2019	1,100,000.00	1,105,833.30	1,163,444.66		7/2/2024	1.63%	\$ 13,956.25	\$ 12,682.51	\$ 1,529.80	1432
US Bancorp	91159HHV5	Corporate Bond	12/24/2019	1,000,000.00	1,049,040.00	1,096,164.11		1/5/2024	2.12%	\$ 3,843.75	\$ 11,183.73	\$ 1,834.37	1253
FFCB	3133EKC53	Gov. Agency Debenture	3/21/2019	1,400,000.00	1,403,262.00	1,420,405.06		3/11/2021	2.43%	\$ 34,708.33	\$ 43,563.60	\$ 2,891.80	223
FFCB	3133EKQA7	Gov. Agency Debenture	10/21/2019	1,000,000.00	1,019,780.00	1,072,159.18		9/10/2024	1.66%	\$ 8,031.11	\$ 11,615.55	\$ 1,423.25	1502
PNC Financial	693476BN2	Corporate Bond	8/15/2019	1,000,000.00	1,029,280.00	1,044,399.57		2/6/2022	2.12%	\$ 18,608.33	\$ 18,589.78	\$ 1,800.89	555
FHLB	313379Q69	Gov. Agency Debenture	7/22/2019	1,000,000.00	1,006,960.00	1,035,401.12		6/10/2022	1.87%	\$ 18,770.83	\$ 17,755.82	\$ 1,600.09	679
FNMA	3135GOV59	Gov. Agency Debenture	11/27/2019	1,540,000.00	1,562,924.44	1,595,335.31		4/12/2022	1.61%	\$ 12,993.75	\$ 14,793.93	\$ 2,123.20	620
JP Morgan Chase	46625HJT8	Corporate Bond	9/23/2019	1,400,000.00	1,485,414.00	1,556,712.00		2/1/2024	2.39%	\$ 19,288.89	\$ 26,688.85	\$ 2,944.32	1280
American Honda	02665WDH1	Corporate Bond	2/14/2020	600,000.00	603,756.00	622,583.70		5/10/2023	1.75%	\$ 4,745.00	\$ 3,955.80	\$ 895.11	1013
FHLB	3130AABG2	US Treasury Note	4/15/2019	1,000,000.00	988,250.00	1,023,028.12		11/29/2021	2.34%	\$ 21,041.67	\$ 28,121.02	\$ 1,972.29	486
FNMA	3135G0Q89	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,702.00	1,014,630.05		10/7/2021	1.38%	\$ 2,177.08	\$ 5,614.15	\$ 1,234.32	433
FNMA	3135G0J20	Gov. Agency Debenture	2/10/2020	1,000,000.00	998,882.00	1,006,939.34		2/26/2021	1.48%	\$ 611.11	\$ 5,724.31	\$ 1,258.54	210
Treasury	912828M80	US Treasury Note	7/22/2019	1,000,000.00	1,006,175.23	1,043,710.94		11/30/2022	1.81%	\$ 17,158.47	\$ 17,118.04	\$ 1,542.61	852
Treasury	912828U57	US Treasury Note	7/31/2019	1,000,000.00	1,011,875.00	1,066,093.75		11/30/2023	1.84%	\$ 17,708.33	\$ 16,990.40	\$ 1,572.25	1217
BankAmerica Corp	06051GG52	Corporate Bond	4/30/2020	1,300,000.00	1,302,314.00	1,304,005.87	2,437.92	10/1/2020	1.21%	\$ (2,437.92)	\$ 4,141.23	\$ 2,104.56	62
Treasury	912828X70	US Treasury Note	12/30/2019	1,000,000.00	1,010,589.29	1,068,906.25		4/30/2024	1.75%	\$ 7,703.30	\$ 9,805.98	\$ 1,661.12	1369
Treasury	912828XT2	US Treasury Note	10/31/2019	1,000,000.00	1,015,667.41	1,070,312.50		5/31/2024	1.64%	\$ 11,639.34	\$ 11,040.77	\$ 1,408.49	1400
Wells Fargo	94988J6A0	Corporate Bond	6/24/2020	1,350,000.00	1,370,749.50	1,372,329.49	8,197.87	9/9/2021	0.80%	\$ (8,197.87)	\$ 163.99	\$ 847.27	405
FFCB	3133EJ3Q0	Gov. Agency Debenture	8/28/2019	1,500,000.00	1,587,503.75	1,631,796.80		12/21/2023	2.12%	\$ 35,098.96	\$ 19,226.80	\$ 1,941.47	1238
Freddie Mac	3133EKKT2	Gov. Agency Debenture	6/24/2019	1,550,000.00	1,573,188.00	1,628,734.06		2/8/2023	1.82%	\$ 30,418.75	\$ 29,033.70	\$ 2,419.47	922

Subtotal	\$ 45,940,000.00	\$ 46,578,673.68	\$ 47,832,021.67	\$ 13,010.79	\$ 680,100.73	\$ 736,310.84	\$ 70,396.51
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BNY MM		217,297.23	217,297.23		0.00%		1
LAIF	N/A	12,210,051.74	12,210,051.74		0.92%	7,867.26	1

	\$59,006,022.65	\$60,259,370.64	\$ 680,100.73	\$ 736,310.84	\$ 78,263.77
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Matured Assets	Amount	Yield to Maturity	Days to Maturity
Total Investments "Matured"	-	-	-

Total Interest FY 19_20 Matured and Current	\$ 78,263.77
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Maturity Profile	Amount
0-1 year	\$23,998,529.53
1-2 years	\$11,791,501.64
2-3 years	\$10,888,818.72
3-5 years	\$ 12,327,172.76
	\$59,006,022.65

**Market to Cost Position Report**

Institution	Amortized Cost
BNY Assets	\$46,578,673.68
BNY MM	217,297.23
LAIF	12,210,051.74
Totals:	\$59,006,022.65

## Town of Los Gatos

### Insight ESG Ratings as of September 30, 2020

Security Description	Maturity Date	Par/Shares	Moody Rating	S&P Rating	Insight ESG Rating	Environment	Social	Governance
HONEYWELL INTERNATIONAL 2.3% 15AUG2024 (CALLABLE 15JUL24)	8/15/2024	\$ 1,000,000	A2	A	3	3	5	3
AMERICAN EXPRESS CREDIT 2.25% 05MAY2021 (CALLABLE 04APR21)	5/5/2021	\$ 1,000,000	A2	A-	2	1	3	3
AMERICAN HONDA FINANCE 2.4% 27JUN2024	6/27/2024	\$ 1,000,000	A3	A-	3	2	4	3
ORACLE CORP 2.4% 15SEP2023 (CALLABLE 15JUL23)	9/15/2023	\$ 1,000,000	A3	A	3	1	3	4
TOYOTA MOTOR CREDIT CORP 2.6% 11JAN2022	1/11/2022	\$ 1,100,000	A1	A+	3	1	3	3
WALT DISNEY COMPANY/THE 4.5% 15FEB2021	2/15/2021	\$ 1,000,000	A2	A-	3	3	3	3
WELLS FARGO BANK NA 2.082% 09SEP2022 (CALLABLE 09SEP21)	9/9/2022	\$ 1,350,000	Aa2	A+	4	1	5	4
TOYOTA MOTOR CREDIT CORP 1.9% 08APR2021	4/8/2021	\$ 500,000	A1	A+	3	1	3	3
JPMORGAN CHASE & CO 3.25% 23SEP2022	9/23/2022	\$ 900,000	A2	A-	4	1	3	5
US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	2/5/2024	\$ 1,000,000	A1	A+	3	2	4	3
PNC FINANCIAL SERVICES 3.3% 08MAR2022 (CALLABLE 06FEB22)	3/8/2022	\$ 1,000,000	A3	A-	2	2	2	3
IBM CORP 1.875% 01AUG2022	8/1/2022	\$ 1,000,000	A2	A	3	1	2	4
BANK OF AMERICA CORP 2.328% 01OCT2021 (CALLABLE 01OCT21)	10/1/2021	\$ 1,300,000	A2	A-	4	1	4	4
JPMORGAN CHASE & CO 3.875% 01FEB2024	2/1/2024	\$ 1,400,000	A2	A-	4	1	3	5
AMERICAN HONDA FINANCE 1.95% 10MAY2023	5/10/2023	\$ 600,000	A3	A-	3	2	4	3
<b>Total/Average</b>		<b>\$ 15,150,000</b>			<b>3.1</b>	<b>1.5</b>	<b>3.4</b>	<b>3.5</b>

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





**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 2

ADDENDUM

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DATE: November 13, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Receive the First Quarter Investment Report (July through September 2020) for Fiscal Year 2020/21.

REMARKS:

Attachment 2 contains public comment received after publishing the Staff Report and before 11:01 AM Friday, November 13, 2020.

Attachment previously distributed with the Staff Report:

1. First Quarter Investment Report for FY 2020/21 (July through September 2020)

Attachment distributed with this Addendum:

2. Public comment received after distributing the staff report and before 11:01 AM. Friday November 13, 2020.

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:** Agenda #2 Item

-----Original Message-----

From: Phil Koen <pkoen@monteropartners.com>

Sent: Friday, November 13, 2020 9:05 AM

To: Rob Rennie <RRennie@losgatosca.gov>; Marico Sayoc <MSayoc@losgatosca.gov>; BSpector <BSpector@losgatosca.gov>; Marcia Jensen <MJensen@losgatosca.gov>

Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Stephen Conway <sconway@losgatosca.gov>; Matthew Hudes <[REDACTED]>; Maria Ristow <[REDACTED]>; mar y <[REDACTED]>

Subject: Agenda #2 Item

Dear Council Members,

In comparing the Q1 FY 21 investment report to the same report prior year, total cash receipts have increased \$4.5m or 61% and total disbursements have also increased \$6.9m or 40% year over year.

These are material changes and the report does not discuss the reason for these changes. I am aware that part of the increase in cash disbursements was caused by the second ADP being made to CALPERS in July. But that does not explain all of the increase.

One other point that the Council may find interesting, in comparing Q1 FY 21 to Q1 FY 19 investment reports, receipts are up \$5.1m or 235% and disbursements have increased \$19.9m or 425%. Again there is no explanation given for these changes.

Would it be possible for Staff to disclose what drove the increase in cash receipts and cash disbursements so the Council and residents can have more transparency and a better understanding of the report?

Thank you.

Phil Koen

ATTACHMENT 2



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 3

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DATE: November 5, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute a First Amendment Agreement for Consultant Services with Walter Levison for Arborist Services.

**RECOMMENDATION:**

Authorize the Town Manager to execute a First Amendment Agreement for Consultant Services with Walter Levison for arborist services (Attachment 1).

**BACKGROUND:**

The Town Consulting Arborists assist Town staff and Town decision-makers in the application review process for most discretionary development projects. Consulting Arborists provide necessary information on existing tree health and suitability for retention, potential impacts to existing trees, and necessary mitigation measures to protect existing trees. The Consulting Arborists also assist in reviewing appeals of tree removal permits. Currently, Walter Levison and Monarch Consulting Arborists are the Town's Consulting Arborists.

**DISCUSSION:**

The original 2015 Agreement (Attachment 2) was for a 5-year term. During the original term of this Agreement, the Monarch Consulting Arborists Agreement was executed on May 1, 2017, for a 5-year term which exceeded the expiration date of the original Walter Levison Agreement. The proposed Walter Levison First Amendment would extend the agreement term to coincide with the expiration of the Monarch Consulting Arborists Agreement. This will allow the Request for Proposal (RFP) process for future consulting arborists to take place at the same time.

**PREPARED BY:** Tania Maheu  
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: Consulting Arborist Services

DATE: November 5, 2020

CONCLUSION:

Staff recommends that the Council authorize the Town Manager to execute a First Amendment Agreement for Consultant Services with Walter Levison for arborist services.

COORDINATION

The draft agreement was prepared in coordination with the Town Attorney.

FISCAL IMPACT:

There is no fiscal impact as the cost for Consulting Arborist services are paid by the applicant/property owner.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft First Amendment Agreement with Walter Levison
2. Original 2015 Agreement

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 1<sup>st</sup> day of November, 2020 and amends that certain Agreement for Consultant Services dated November 1, 2015, made by and between the Town of Los Gatos ("Town") and the Walter Levison, Consulting Arborist ("Consultant").

RECITALS

- A. The Town and Consultant entered into an Agreement dated November 1, 2015 to provide services for evaluation of trees on properties within the Town (Attachment A).
- B. The Town desires to extend the Agreement to April 30, 2022.

AMENDMENT

- 1. Time of Performance of the Agreement is hereby amended to provide that the term of the Agreement is extended to April 30, 2022.
- 2. All other terms and conditions of the Agreement dated November 1, 2015, remain in full force and effect.

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

Town of Los Gatos

Approved as to Consent:

By: \_\_\_\_\_  
Laurel Prevetti, Town Manager

By: \_\_\_\_\_  
Walter Levison, Consulting Arborist

Department Approval:

\_\_\_\_\_  
Joel Paulson  
Community Development Director

Approved as to Form:

Attest:

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

\_\_\_\_\_  
Shelley Neis, Town Clerk

ATTACHMENT 1

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**AGREEMENT FOR CONSULTANT SERVICES**

THIS AGREEMENT is dated for identification this 1<sup>st</sup> day of November 2015 ~~and is made by and~~ between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Walter Levison, Consulting Arborist, ("Consultant"), whose address is 165 Linda Vista, Millbrae, CA 94030. This Agreement is made with reference to the following facts.

**I. RECITALS**

- 1.1 Town has a need for consulting arborist services for evaluation of trees on properties within the Town of Los Gatos.
- 1.2 Town desires to engage a certified arborist to review, analyze, and comment on development project plans; prepare technical analyses and reports; conduct peer review of outside arborist reports and attend public meetings as needed.
- 1.3 Consultant represents and affirms that he is qualified and willing to perform the desired work pursuant to this Agreement.

**II. AGREEMENTS**

- 2.1 Scope of Services. Consultant shall provide the services listed below.

Administrative Duties

When needed by Town, assess the potential impacts to trees associated with proposed development and redevelopment projects. This shall include evaluating plans for development proposals, reviewing arborist reports and/or identifying mitigation measures and recommending preservation measures and conditions of approval.

- a. When needed by Town, work on special studies or projects including but not limited to: preparation of a checklist for content of arborist reports for application packets, emergency response and coordination, review of tree removal permits that have been denied and appealed, and review of landscape plans for hillside homes, Planned Developments, and/or commercial projects.
- b. When needed by Town, conduct field investigations, studies, and prepare reports related to tree removals and impacts from proposed construction, and develop recommendations for mitigation and preservation measures.
- c. When needed by Town, assist in the establishment and subsequent modification of Town's tree and landscape related ordinances, design guidelines, policies, and development fees.
- d. When needed by Town, attend meetings with Town staff, public officials, community leaders, developers, contractors, and the general public.

- e. When needed by Town, advise, support, and assist Town departments, committees, commissions, and Town Council. In addition, act as a liaison between Town and Federal, State, and Regional agencies.
- f. When needed by Town, attend Town Council, Planning Commission, and special study session meetings when tree and/or landscaping issues and project applications with tree removals, impacts to trees and/or landscape plans are being considered.
- g. As requested by Town, provide copies of draft and final draft work products of reports and studies prepared for Town. Consultant shall provide electronic file copies of these documents as needed.

#### Other Miscellaneous Services

The Town may occasionally have the need for other services not specifically listed in this document that the consultant has the necessary experience and capabilities to provide. Town or Redevelopment Agency may authorize consultant to perform such selected services on an as-needed basis.

- 2.2 Time of Performance. Consultant shall perform the services described in this agreement as follows: The services of Consultant are for a five year period that will commence upon the execution of the contract. Should Town not renew a contract, the award and authorization of the contract shall automatically expire. Town shall give Consultant at least 30 days' notice, prior to the cancellation or expiration of the contract.
- 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 the established hourly rates, as set forth in the Fee Schedule (Exhibit A), which is attached hereto and incorporated herein by reference. Payment shall be based upon Town approval of each task.
- 2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:  
Town of Los Gatos  
Attn: Accounts Payable  
P.O. Box 655  
Los Gatos, CA 95031-0655

- 2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.
- 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. It is understood that Consultant currently has no employees. If employees are hired in the future, Consultant shall obtain and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town. Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen 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:

To Town:

Joel S. Paulson  
Planning Manager  
Town of Los Gatos  
110 E. Main Street  
Los Gatos, CA 95030  
Fax: (408) 354-7593  
Phone: (408) 354-6879  
E-mail: [jpaulson@losgatosca.gov](mailto:jpaulson@losgatosca.gov)

To Consultant:

Walter Levison  
Consulting Arborist  
165 Linda Vista  
Millbrae, CA 94030  
Phone: (415) 203-0990  
E-mail: [drtree@sbcglobal.net](mailto:drtree@sbcglobal.net)

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 to the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.
- 4.8 Entire Agreement. This Agreement, including Exhibit A, 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.

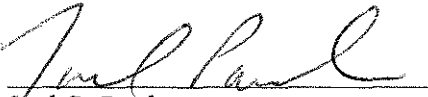
Town of Los Gatos

  
\_\_\_\_\_  
Laurel R. Prevetti, Town Manager  
Town of Los Gatos


Consultant:

*10/22/15*  
  
\_\_\_\_\_  
Walter Levison  
Consulting Arborist

Department Approval:

  
\_\_\_\_\_  
Joel S. Paulson  
Planning Manager

Approved as to Form:

  
\_\_\_\_\_  
Robert W. Schultz  
Town Attorney



**CONSULTING RATES**  
**WALTER LEVISON, CONSULTING ARBORIST**  
**1/1/2015 to 12/31/2015**

1.	<b>INITIAL CONTACT / ORAL CONSULTING</b> <b>MINIMUM 2 HOUR PER-CLIENT CHARGE</b>  (COVERS UP TO 1 HOUR OF TRAVEL, AND 1 HOUR ON SITE.)	<b>\$280 (\$140 x 2)</b>
2.	<b>STANDARD CONSULTING SERVICES</b>  (ALL FIELD, OFFICE, & DRIVING TIME, PORTAL TO PORTAL).  HAZARD TREE ASSESSMENT, TREE INVENTORY, CONSTRUCTION MONITORING, SPECIES SELECTION, MONETARY VALUATION (APPRAISAL), ARBORIST REPORTS, TREE PROTECTION AND MANAGEMENT PLANS, ETC.	<b>\$140/HR</b>
3.	<b>SPECIAL CONSULTING SERVICES</b>  <b>RESISTOGRAPH: ADVANCED DECAY</b> <b>DETECTION AND ANALYSIS USING A</b> <b>RESISTOGRAPH MICRODRILLING DEVICE</b> <b>WITH DIGITAL GRAPH OUTPUT.</b>	<b>\$280/HR DURING USE OF MACHINE</b> <b>\$140/HR REGULAR FIELD AND OFFICE</b> <b>HOURS</b>
4.	<b>RUSH CONSULTING SERVICES</b>  TIME TO COMPLETION OF SMALLER JOB WRITTEN WORK PRODUCT IS TYPICALLY 24 TO 96 HOURS FROM DATE OF CONTRACT SIGNING.	<b>\$280/HR</b>
5.	<b>MUNICIPAL CONSULTING SERVICES</b>  (CONTRACT CITY ARBORIST SERVICES)  (ALL FIELD, OFFICE, & DRIVING TIME, PORTAL TO PORTAL).	<b>\$140/HR</b>  <b>MINIMUM 3 HOUR DAILY CHARGE (\$420).</b>  <b>EVENING MEETINGS:</b> <b>MINIMUM 4 HOUR CHARGE (\$560.)</b>
6.	<b>SUBCONSULTING UNDER OTHER</b> <b>CONSULTING ARBORISTS</b>	<b>(NEGOTIABLE)</b>
7.	<b>LEGAL CONSULTING SERVICES</b>  (FORENSIC TREE FAILURE ASSESSMENTS, DEPOSITIONS, ATTENDANCE OF MEDIATION HEARINGS, ETC.)	<b>\$180 to \$350/HR (NEGOTIABLE)</b>





MEETING DATE: 10/20/15  
ITEM NO. 3

COUNCIL AGENDA REPORT

DATE: OCTOBER 13, 2015  
TO: MAYOR AND TOWN COUNCIL  
FROM: LAUREL R. PREVETTI, TOWN MANAGER *Jennifer Callaway for Laurel Prevetti*  
SUBJECT: AUTHORIZE THE TOWN MANAGER TO EXECUTE AGREEMENTS WITH DEBORAH ELLIS AND WALTER LEVISON TO PROVIDE SERVICES AS CONSULTING ARBORISTS TO THE TOWN.

RECOMMENDATION:

Authorize the Town Manager to execute agreements with Deborah Ellis and Walter Levison to provide services as Consulting Arborists to the Town.

BACKGROUND:

The Town Arborist assists Town staff and Town decision makers in the application review process for most discretionary development projects, providing necessary information on existing tree health and suitability for retention, potential impact to existing trees, and necessary mitigation measures to protect existing trees. The arborist also assists in reviewing appeals of tree removal permits. Currently, Deborah Ellis and Arbor Resources are the Town's arborists. The Town recommends two arborists so there is a backup.

On August 17, 2015, the Town distributed a Request for Qualifications (RFQ) for a consulting arborist. Four proposals were received and reviewed by staff. The four applicants were all qualified to provide consulting arborist services to the Town. However, staff concluded that Deborah Ellis and Walter Levison were qualified and reasonably priced to provide services to meet the needs of the Town as described in this report. The two arborists who were not selected were Arbor Resources and Monarch Consulting. Arbor Resources had a higher hourly rate and Monarch Consulting had a higher hourly rate, longer turnaround time, and the least experience.

PREPARED BY: JOEL S. PAULSON  
Planning Manager *J. Paulson*

Reviewed by: *JL* Assistant Town Manager  Town Attorney  Finance



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Print Form

# AGREEMENT / AMENDMENT ROUTING COVER SHEET

Initiating Department: CDD Contact Name/Phone: Linda I - 5766

Agreement Title: Agreement for Consultant Services

Term of Agreement: From November 1, 2015 To October 31, 2020

Date Approved By Council: October 20, 2015 Item or Resolution #: 3

Vendor Name: Walter Levison, Consulting Arborist Vendor #: 4419

Vendor Email: drtree@sbcglobal.net Vendor Phone: 415-203-0990

Vendor Contact: Walter Levison

Business License #: 39082 Expiration Date: Dec 31, 2015

Insurance (IHH) #: 15.302 Expiration Date: 05/06/16

Insurance waiver requested (a completed Release of Liability is attached)

### Please Select:

BONDS INCLUDED

# of Originals 1

This is a standard agreement form that has not been altered.

Alterations have been made to the following paragraph(s)/section(s):

Vendor Agreement

Sole Source

Amount of Agreement: No PO required-monies from applicant Program and Account #: 3999-68413 pass thru account

Not enough money in line item will be absorbed within budget

Routing	Action(s)	Date Completed	Signature
1. Clerk	1. Assign Agreement # <u>15.221 /</u> 2. Attachments included/labeled ✓ 3. No automatic renewals without defined termination date 4. Verify Insurance	<u>10/29/15</u>	<u>YJ</u>
2. Finance	1. Confirm Funds Budgeted X 2. Confirm contract amount agrees with Council approval X 3. Verify Purchasing Policy Compliance (Bids/Sole Source/Bus Purpose/RFP) (RFP) 4. Check Payment Terms ✓	<u>[Signature]</u>	<u>10/30/15</u> <u>MY</u>
3. Attorney	1. Approve Insurance Waiver 2. Sign Agreement	<u>11/5/15</u>	<u>[Signature]</u>
4. Manager	1. Sign Agreement <u>OK to sign 11-5-15 JC</u>	<u>11-6-15</u>	<u>[Signature]</u>
5. Clerk	1. Scan and file agreement 2. Email department pdf of signed agreement (Department sends agreement to vendor)	<u>11/9/15</u>	<u>YJ</u>



## Agreement Narrative:

If your agreement has gone before the Town Council for approval, please reference that fact and include a very brief description of the purpose of the agreement. Identify bids/business purpose for vendor selection/RFP/Sole Source. If hourly rate please identify how cost was determined. If your agreement has not gone to the Town Council for approval, include a discussion of the purpose of the agreement, how the Town's purchasing procedures were followed, and any special instructions.

**Please insert  
your narrative  
here:**

The Town Arborist assists Town staff and Town decision makers in the application review process for most discretionary development projects, providing necessary information on existing tree health and suitability for retention, potential impact to existing trees, and necessary mitigation measures to protect existing trees. The arborist also assists in reviewing appeals of tree removal permits. Currently, Deborah Ellis and Arbor Resources are the Town's arborists. The Town recommends two arborists so there is a backup.

On August 17, 2015, the Town distributed a Request for Qualifications (RFQ) for a consulting arborist. Four proposals were received and reviewed by staff. The four applicants were all qualified to provide consulting arborist services to the Town. However, staff concluded that Deborah Ellis and Walter Levison were qualified and reasonably priced to provide services to meet the needs of the Town as described in this report. The two arborists who were not selected were Arbor Resources and Monarch Consulting. Arbor Resources had a higher hourly rate and Monarch Consulting had a higher hourly rate, longer turnaround time, and the least experience.

### Department Checklist (to be completed by originating department):

Agreement Signed by Vendor:

List Exhibits/Attachments with Title(s): Attachment A - Consulting Rates

Copy of insurance certificates or Release of Liability

Originals of bonds issued for contract

First page of Town Council report

Scope of work aligns to Council Report and contractor proposal/exhibits

DIR #: \_\_\_\_\_

Date Project Awarded: \_\_\_\_\_

Date Staff submitted Project to DIR: \_\_\_\_\_

Project # \_\_\_\_\_

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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 4

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DATE: November 12, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute Agreements for Environmental Consultant Services with EMC Planning Group, Inc. and Raney Planning and Management, Inc.

**RECOMMENDATION:**

Authorize the Town Manager to execute agreements for environmental consultant services with EMC Planning Group, Inc. (Attachment 1) and Raney Planning and Management, Inc. (Attachment 2).

**BACKGROUND:**

The Town's environmental consultants provide services and expertise to support staff in the review of development projects. These services include recommendations on the level of environmental review required for compliance with the California Environmental Quality Act (CEQA) and preparation of the required documentation, including initial studies, exemptions, negative declarations, and environmental impact reports.

On July 20, 2020, the Town issued a Request for Qualifications (RFQ) for environmental consulting services. Proposals were due August 14, 2020.

**DISCUSSION:**

Staff sent the RFQ to 20 consultants with known qualifications associated with environmental consulting services. Staff received proposals from seven firms and conducted interviews and reference checks for three. At the conclusion of the RFQ review process, staff determined that EMC Planning Group, Inc. (EMC) and Raney Planning and Management, Inc. (Raney) provide the best fit, capacity, professional expertise, and cost for environmental consulting services for the Town.

**PREPARED BY:** Jennifer Armer, AICP  
Senior Planner

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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: Environmental Consulting Services

DATE: November 12, 2020

DISCUSSION (continued):

EMC has been providing environmental review services for 42 years and has served as a consultant to the Town for the past 10 years. EMC has prepared numerous environmental documents for the Town.

Raney has extensive experience preparing environmental documents for agencies within California over the last 20 years. Current and recent clients include Morgan Hill, San Jose, and Cupertino.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to enter into agreements (Attachments 1 and 2) with EMC and Raney for the reasons stated in this report.

COORDINATION:

This report has been coordinated with the Town Manager's Office, Town Attorney's Office, and the Finance Department.

FISCAL IMPACT:

There is no fiscal impact as the cost for consulting environmental services is paid by the applicant for a development proposal.

ENVIRONMENTAL ASSESSMENT:

Environmental Review is not required as this is not a project defined by the California Environmental Quality Act.

Attachments:

1. Draft EMC Agreement
1. Draft Raney Agreement

## **AGREEMENT FOR ENVIRONMENTAL CONSULTANT SERVICES**

THIS AGREEMENT is dated for identification January 1, 2021, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and EMC Planning Group, Inc. ("Consultant"), who's address is 301 Lighthouse Avenue, Suite C, Monterey, CA 93940. This Agreement is made with reference to the following facts. This contract will remain in effect from January 1, 2021 to December 31, 2025.

### **I. RECITALS**

- 1.1 To streamline the environmental review process and improve efficiency the Town, since 1998, has retained environmental consultants to conduct environmental assessments and prepare environmental documents for projects in the Town.
- 1.2. The Town desires to engage Consultant to provide environmental consultant services.
- 1.3. Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.
- 1.4 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges that the Town has relied upon these warranties to retain Consultant.

### **II. AGREEMENTS**

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

- 2.1 **Scope of Services.** The Consultant shall provide the services as detailed below:
  - a. Attend a minimum of one preliminary scoping meeting with staff and additional meetings with staff if necessary.
  - b. Visit the project site, document existing site conditions, identify issues and determine whether additional technical studies are needed.
  - c. Recommend whether an Initial Study or EIR should be prepared.
  - d. Prepare a scope of work with cost estimate (if amount will exceed initial fee) and schedule.
  - e. Consult with other Town departments and outside agencies as needed.
  - f. Prepare Initial Study and Negative Declaration and Notice of Intent to Adopt or Negative Declaration. Provide 5 copies of the draft and 25 copies of the final draft. The consultant shall also provide electronic copies of the final document in the approved work process software at the time the final draft copies are delivered to the Town.
  - g. Prepare Mitigation Monitoring Programs, when required.
  - h. Attend a minimum of one Planning Commission and one Town Council meeting as needed. Additional meetings will be authorized by the Community Development Director on an "as needed basis", and the Town will be charged only for time and materials. Funds to pay for additional meetings shall be provided by the applicant to the Town prior to the meetings.

ATTACHMENT 1

- i. Prepare follow-up clarification letters to respond to public review comments and provide documentation for any Initial Study or Negative Declarations as needed at no additional cost to the Town.
- j. If an EIR is recommended as a result of the Initial Study or if significant evidence is clearly evident that an EIR is warranted, the Community Development Director has the discretion to choose one the following three options: 1) Ask the consultant for an estimate to prepare the EIR based on a scope of work developed by the Community Development Department; 2) Ask the Alternate Environmental consultant for an estimate to prepare a scope of work developed by the Community Development Department; or 3) Prepare a Request for Proposal for the EIR and solicit proposals from other consultants and enter into a contract for its preparation. The requirements and scope of work for each EIR shall be developed by the Planning Department on a case-by-case basis and shall be incorporated into the contract for the EIR.

2.2 Term and Time of Performance. The services of Consultant are fixed for a five year period that will commence upon the execution of the contract and the Town. At the end of this period, should the Town not renew the contract, the contract shall automatically expire. The individual time of performance schedule for each project referred to the Consultant is required to be performed as outlined in the scope of services section of this Agreement.

2.3 Compliance with Laws. 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 Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the these documents or information available to any individual or organization not employed by Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and the Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at the Town's risk, unless Consultant expressly consents to such use in writing. The 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. Prior to the Town authorizing the preparation of an Initial Study, the Community Development Director will send Consultant an "Authorization to Proceed" letter. Consultant shall sign the authorization and return it to the Town. Upon receipt of this letter, the Town shall compensate the firm on the following basis:

- a. An initial deposit of \$5,000 per project (which may be re-evaluated and modified at the beginning of the new fiscal year upon written authorization of the Community Development Director) for the preparation of an Initial Study, Negative Declaration, and/or Mitigation Monitoring Plan. This shall include attendance at meetings, the specified number of draft, final, and electronic file copies, and follow up clarification letters or documentation regarding the preparation of these documents.
- b. Costs incurred by Consultant for additional tasks beyond the scope of work of the original Initial Study or Negative Declaration that are not specifically required to clarify information within the documents or clarify issues relating to the preparation of the environmental assessment shall be authorized by the Town prior to the preparation of the analysis or supplementary documents.
- c. Cost for the preparation for an EIR shall be determined by a scope of work developed on a project specific basis. The full cost of preparing the EIR shall be borne by the project applicant.

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 Consultant's offices during business hours upon written request of the Town.

2.9 Project Manager. The Project Managers for Consultant for the work under this Agreement shall be Teri Wissler Adam.

2.10 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to Consultant. 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 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, 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.

- 2.12 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. Consultant has no 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.
- 2.13 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing

### **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, personal injury, and property damage.
- iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than: one million dollars



(\$1,000,000) which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its officers, officials, employees, and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; and premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
  - ii. 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 Consultant's insurance and shall not contribute with it.
  - iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees, or volunteers.
  - iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- 3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.
- 3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.
- 3.4 Indemnification. The Consultant shall save, keep, hold harmless, and indemnify and defend the Town its officers, officials, employees, and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that either 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, Consultant shall deliver to the Town all plans, files, documents, and reports, performed to date by 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 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:

<p>To Town:</p> <p>Laurel R. Prevetti  Town Manager  Town of Los Gatos  110 E. Main Street  Los Gatos, CA 95030</p>	<p>To Consultant:</p> <p>EMC Planning Group, Inc.  Attn: Teri Wissler Adam  301 Lighthouse Avenue, Suite C  Monterey, CA 93940</p>
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or personally delivered to Consultant to such address or such other address as Consultant designates in writing to the 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 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 as of the date indicated on page one.

Town of Los Gatos by:

Consultant, by:

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

\_\_\_\_\_  
Teri Wissler Adam, Senior Principal  
EMC Planning Group, Inc.

\_\_\_\_\_  
Joel Paulson, Community Development Director

Approved as to Form by:

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

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## **AGREEMENT FOR ENVIRONMENTAL CONSULTANT SERVICES**

THIS AGREEMENT is dated for identification January 1, 2021, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Raney Planning and Management, Inc. ("Consultant"), who's address is 1501 Sports Drive, Suite A, Sacramento, CA 95834. This Agreement is made with reference to the following facts. This contract will remain in effect from January 1, 2021 to December 31, 2025.

### **I. RECITALS**

- 1.1 To streamline the environmental review process and improve efficiency the Town, since 1998, has retained environmental consultants to conduct environmental assessments and prepare environmental documents for projects in the Town.
- 1.2. The Town desires to engage Consultant to provide environmental consultant services.
- 1.3. Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.
- 1.4 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges that the Town has relied upon these warranties to retain Consultant.

### **II. AGREEMENTS**

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

- 2.1 Scope of Services. The Consultant shall provide the services as detailed below:
  - a. Attend a minimum of one preliminary scoping meeting with staff and additional meetings with staff if necessary.
  - b. Visit the project site, document existing site conditions, identify issues and determine whether additional technical studies are needed.
  - c. Recommend whether an Initial Study or EIR should be prepared.
  - d. Prepare a scope of work with cost estimate (if amount will exceed initial fee) and schedule.
  - e. Consult with other Town departments and outside agencies as needed.
  - f. Prepare Initial Study and Negative Declaration and Notice of Intent to Adopt or Negative Declaration. Provide 5 copies of the draft and 25 copies of the final draft. The consultant shall also provide electronic copies of the final document in the approved work process software at the time the final draft copies are delivered to the Town.
  - g. Prepare Mitigation Monitoring Programs, when required.
  - h. Attend a minimum of one Planning Commission and one Town Council meeting as needed. Additional meetings will be authorized by the Community Development Director on an "as needed basis", and the Town will be charged only for time and materials. Funds to pay for additional meetings shall be provided by the applicant to the Town prior to the meetings.

ATTACHMENT 2

- i. Prepare follow-up clarification letters to respond to public review comments and provide documentation for any Initial Study or Negative Declarations as needed at no additional cost to the Town.
- j. If an EIR is recommended as a result of the Initial Study or if significant evidence is clearly evident that an EIR is warranted, the Community Development Director has the discretion to choose one the following three options: 1) Ask the consultant for an estimate to prepare the EIR based on a scope of work developed by the Community Development Department; 2) Ask the Alternate Environmental consultant for an estimate to prepare a scope of work developed by the Community Development Department; or 3) Prepare a Request for Proposal for the EIR and solicit proposals from other consultants and enter into a contract for its preparation. The requirements and scope of work for each EIR shall be developed by the Planning Department on a case-by-case basis and shall be incorporated into the contract for the EIR.

2.2 Term and Time of Performance. The services of Consultant are fixed for a five year period that will commence upon the execution of the contract and the Town. At the end of this period, should the Town not renew the contract, the contract shall automatically expire. The individual time of performance schedule for each project referred to the Consultant is required to be performed as outlined in the scope of services section of this Agreement.

2.3 Compliance with Laws. 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 Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the these documents or information available to any individual or organization not employed by Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and the Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at the Town's risk, unless Consultant expressly consents to such use in writing. The 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. Prior to the Town authorizing the preparation of an Initial Study, the Community Development Director will send Consultant an "Authorization to Proceed" letter. Consultant shall sign the authorization and return it to the Town. Upon receipt of this letter, the Town shall compensate the firm on the following basis:

- a. An initial deposit of \$5,000 per project (which may be re-evaluated and modified at the beginning of the new fiscal year upon written authorization of the Community Development Director) for the preparation of an Initial Study, Negative Declaration, and/or Mitigation Monitoring Plan. This shall include attendance at meetings, the specified number of draft, final, and electronic file copies, and follow up clarification letters or documentation regarding the preparation of these documents.
- b. Costs incurred by Consultant for additional tasks beyond the scope of work of the original Initial Study or Negative Declaration that are not specifically required to clarify information within the documents or clarify issues relating to the preparation of the environmental assessment shall be authorized by the Town prior to the preparation of the analysis or supplementary documents.
- c. Cost for the preparation for an EIR shall be determined by a scope of work developed on a project specific basis. The full cost of preparing the EIR shall be borne by the project applicant.

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 Consultant's offices during business hours upon written request of the Town.

2.9 Project Manager. The Project Managers for Consultant for the work under this Agreement shall be Nick Pappani.

2.10 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to Consultant. 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 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, 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.

- 2.12 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. Consultant has no 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.
- 2.13 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing

### **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, personal injury, and property damage.
- iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than: one million dollars



(\$1,000,000) which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its officers, officials, employees, and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; and premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
  - ii. 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 Consultant's insurance and shall not contribute with it.
  - iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees, or volunteers.
  - iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- 3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.
- 3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.
- 3.4 Indemnification. The Consultant shall save, keep, hold harmless, and indemnify and defend the Town its officers, officials, employees, and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that either 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, Consultant shall deliver to the Town all plans, files, documents, and reports, performed to date by 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 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:

<p>To Town:</p> <p>Laurel R. Prevetti  Town Manager  Town of Los Gatos  110 E. Main Street  Los Gatos, CA 95030</p>	<p>To Consultant:</p> <p>Raney Planning &amp; Management, Inc.  Attn: Nick Pappani  1501 Sports Drive, Suite A  Sacramento, CA 95834</p>
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or personally delivered to Consultant to such address or such other address as Consultant designates in writing to the 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 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 as of the date indicated on page one.

Town of Los Gatos by:

Consultant, by:

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

\_\_\_\_\_  
Nick Pappani, Vice President  
Raney Planning & Management, Inc.

\_\_\_\_\_  
Joel Paulson, Community Development Director

Approved as to Form by:

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

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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 5

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DATE: November 12, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute an Agreement with Hello Housing for Administration of the Town's Below Market Price Affordable Housing Program.

**RECOMMENDATION:**

Authorize the Town Manager to execute an agreement with Hello Housing for administration of the Town's Below Market Price Affordable Housing Program (BMP Program).

**BACKGROUND:**

The BMP Program was initiated in 1976 as a mechanism to increase the supply of housing in Los Gatos that is affordable to low- or moderate-income households. The BMP Program requires developers, when they obtain entitlements, to provide a percentage of the total number of market rate units in a development as affordable housing units. Deed restrictions are recorded on the title of each property to ensure the long-term affordability of the rental and for sale units and to maintain the Town's repurchase option. When new units are made available by a developer or via a resale by an existing owner, the Town or its administrator solicits applications from income qualified households and then selects buyers using the Town's adopted preference scoring criteria. Approximately 55 for-sale and 119 rental BMP units are in the Town's current BMP Program inventory.

The Town has used an administrator for the BMP Program since July 1999. The Administrator's expertise and knowledge of the United States Department of Housing and Urban Development (HUD) requirements and affordable housing program administration is more extensive than that of Town staff. Additionally, the Town does not have the resources to dedicate the time needed to administer the BMP Program.

**PREPARED BY:** Jocelyn Shoopman  
Associate Planner

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

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BACKGROUND (continued):

Since November 2015, Hello Housing has administered the Town's BMP Program under the direction of the Community Development Department. They have monitored the Town's BMP Program rentals and owner-occupied homes and made sure they were following BMP Program requirements. Hello Housing has also worked with the Town on the sale of homes to BMP qualified applicants, held meetings to inform interested persons, and made sure they were qualified for the BMP Program.

DISCUSSION:

Staff prepared a request for proposals (RFP), distributed it to housing organizations, posted it under the "What's New" page on the Town's website, and posted it on the Town's social media accounts to encourage additional submittals.

Staff identified that foreclosure prevention, homebuyer education, and buyer financial pre-qualification experience would also be requisite areas of expertise of the successful administrator of the BMP Program. Two organizations submitted proposals and Hello Housing was selected by staff as the most qualified because of its experience with administration of the Town's BMP Program, affordable for-sale housing and rentals, and affordable housing loans.

Hello Housing is a 501(c) 3 nonprofit organization which began in 2005 and has been administering affordable housing programs since 2009. They currently administer the BMP Program for the Cities of Alameda, Concord, Cupertino, Emeryville, Livermore, Menlo Park, Novato, and Pleasanton.

Staff recommends that the Town contract with Hello Housing for a five-year period for an initial fixed base annual cost of approximately \$96,000 per year and increasing annually up to approximately \$125,000 from December 1, 2020 to October 31, 2025 (see Attachment 1). Projected transactional costs would also be provided at an additional cost depending on the volume of those transactions.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute an agreement with Hello Housing for administration of the Town's BMP Program under the direction of the Community Development Director.

COORDINATION:

This report has been coordinated with the Town Manager's Office, Town Attorney's Office, and the Finance Department.

PAGE 3 OF 3

SUBJECT: Below Market Price Affordable Housing Program

DATE: November 12, 2020

FISCAL IMPACT:

Sufficient funds are available in the Housing In-Lieu Fee Deposit Account to cover the costs of the services for the Town. The current balance in the deposit account is approximately \$2.3 million.

ENVIRONMENTAL REVIEW:

Environmental review is not required as this is not a project defined by the California Environmental Quality Act.

Attachment:

1. Draft Agreement with Hello Housing

## **AGREEMENT FOR CONSULTANT SERVICES FOR ADMINISTRATOR OF THE TOWN'S BELOW MARKET PRICE AFFORDABLE HOUSING PROGRAM**

THIS AGREEMENT is dated for identification December 1, 2020, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, (“Town”) and Hello Housing, (“Consultant”), whose address is 1242 Market Street, 3<sup>rd</sup> Floor, San Francisco, CA 94102. This Agreement is made with reference to the following facts. This contract will remain in effect from December 1, 2020 to November 30, 2025.

### **I. RECITALS**

- 1.1 The Town desires to engage Consultant to administer the Town’s Below Market Price Affordable Housing Program.
- 1.2 Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.
- 1.3 Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.
- 1.4 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges that the 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 for Services sent to the Town on August 21, 2020, which is hereby incorporated by reference and attached as Exhibit A.
- 2.2 Term and Time of Performance. The services of Consultant are fixed for a five-year period that will commence upon the execution of the contract. At the end of this period, should the Town not renew the contract, the contract shall automatically expire. The individual time of performance schedule for each project referred to the Consultant is required to be performed as outlined in the scope of services section of this Agreement.
- 2.3 Compliance with Laws. 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 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 Consultant shall not make any of these documents or information available to any individual or organization not employed by Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and the Town's use of the information contained in the reports prepared by Consultant in connection with other projects shall be solely at the Town's risk, unless Consultant expressly consents to such use in writing. The 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 be an estimated initial fixed annual base cost of approximately \$96,000 and increasing annually up to approximately \$125,000, with possible optional increases for transactional costs such as sales and re-sales of homes. 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, the relevant property address (if applicable) and at what rate.

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 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 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 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, 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. Consultant has no and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.
- 2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing Act.

### **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, personal injury, and property damage.

- iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than: one million dollars (\$1,000,000) which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its officers, officials, employees, and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned or used by Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
- ii. 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 Consultant's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees, or volunteers.
- iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made, or suit is brought, except with respect to the limits of the insurer's liability.

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

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

3.4 Indemnification. The Consultant shall save, keep, hold harmless, and indemnify and defend the Town its officers, officials, employees, and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of Consultant, or any of Consultant's officers, employees, or agents or any subconsultant.

#### IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that either 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, Consultant shall deliver to the Town all plans, files, documents, and reports, performed to date by 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 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

Hello Housing  
Attn: Matt Warner  
1242 Market Street, 3<sup>rd</sup> Floor  
San Francisco, CA 94102

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to the 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 Warner, Program Director  
Hello Housing

\_\_\_\_\_  
Joel Paulson, Community Development  
Director

Approved as to Form:

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



hello housing

making places where people thrive

## Town of Los Gatos

Request for Proposals – Below Market Price Program Services

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August 21, 2020



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August 21, 2020

Joel Paulson, Community Development Director  
Town of Los Gatos  
110 E. Main Street  
Los Gatos, CA 95030

RE: RFP for Below Market Price Program Services

Dear Joel:

On behalf of Hello Housing, I am pleased to submit the enclosed response to the Town of Los Gatos' Request for Proposals. Our staff has significant relevant experience, established best practices, and a wealth of knowledge regarding the unique questions and challenges that arise each and every day when managing BMP/BMR programs. We would be thrilled to have the opportunity to continue to support the Town of Los Gatos in achieving its affordable housing goals and objectives.

As is further described in the enclosed response, Hello Housing has significant experience with administering Los Gatos' BMP programs as well as the following:

- Management of BMP homeownership and rental programs;
- Program design, program evaluation and policy recommendations;
- Compliance monitoring of deed-restricted BMR portfolios;
- Management of the marketing and sale of BMR homes;
- Financial underwriting of affordable housing program applicants;
- BMR document preparation and escrow coordination;
- Refinances, payoffs and reconveyance;
- Foreclosure prevention and BMR preservation;
- Down Payment Assistance administration;
- Lender and realtor education and engagement; and
- Clear, timely and dependable communications with our cities and our BMR participants.

All information provided in this proposal are true and accurate. Mardie Oakes, President of Hello Housing is authorized to submit proposals on behalf of Hello Housing.

Many thanks for your consideration. Please feel free to contact me at (415) 828-4388 with any questions.

Sincerely,

Mardie Oakes  
President



## A. Entity

### 1. Consultant Identification

Hello Housing is a 501(c)3 corporation with a traditional organizational structure and fourteen (14) employees. The organization is led by a small Board of Directors with a variety of skills and perspectives to offer the organization. The President reports to the Board and the staff report to the President.

Established in 2005, we hit the ground running as the master developer of the Bay Area Housing Project (BAHP), an innovative \$100 million public-private partnership that created community-integrated, permanent, scattered-site housing for people with developmental disabilities leaving Agnews Developmental Center, a large state-run institution slated for closure. Based on our unique experience developing a scattered-site acquisition/rehab program for single-family homes, we were perfectly positioned to address the foreclosure crisis in Alameda County. In 2009 and 2010, we were competitively awarded nearly \$10 million in HUD's Neighborhood Stabilization Program (NSP) funds. By leveraging these funds with a \$2.7 million revolving line of credit from Clearinghouse CDFI, a mission-driven private lender, we are made a tangible difference in stabilizing some of the most affected neighborhoods throughout the East Bay. In 2012, Hello Housing launched Hello Stewardship, starting with a small homeownership portfolio assumed from HomeBricks, a homeownership affiliate of BRIDGE Housing. Hello Stewardship has steadily grown since 2012 and is the department within Hello Housing that will deliver Affordable Housing Program Assistance services to Los Gatos, if selected.

Since the launch of Hello Stewardship in 2012, Hello Housing has grown the number of BMR for-sale homes under its management from 158 to 1,240, and the number of BMR rental units under management from four to 1,384. Hello Housing is currently averaging over 45 sales/resales each year and in 2020 is projecting to underwrite and originate 70+ first time homebuyer loans through the administration of Alameda County's AC Boost program. The menu of services that Hello Stewardship offers has grown as well, offering services to developers with inclusionary housing requirements and providing affordable housing program design services to both private and public entities. The estimated total market value of the BMR ownership and loan portfolio that the organization is responsible for stewarding now exceeds \$600 million.

In April 2016, Hello Housing became an affiliate of MidPen Housing, a nationally-respected nonprofit housing organization serving the 9-county Bay Area, providing Hello Housing with access to best-in-class operational support that far exceeds what organizations of Hello Housing's size can afford on their own. An additional benefit of the affiliation is MidPen has committed to investing in growth of the organization, by providing resources for Hello Housing to hire staff ahead of being awarded new contracts. The affiliation is formed by way of directors from the MidPen Housing board having majority representation on the Hello Housing board.

Hello Housing has an active Board of Directors, consisting of affordable housing experts who regularly provide direction, support and expertise to the team. Board President [Matt Franklin](#) is CEO of MidPen Housing. Matt joined MidPen Housing in 2008 from an appointed post as Executive Director of the San Francisco's Mayor's Office of Housing where he coordinated all City housing policy and oversaw the financing for 3,500 new affordable rental units as well as the compliance monitoring for 24,000 existing BMR units. Matt brings valuable insight to the Hello Housing staff regarding a city's particular interests and concerns when managing BMR programs. Other board members are: [Rick Jacobus](#), a national expert in inclusionary housing and affordable homeownership; [Tom Casey](#), a residential developer and former VP of BRIDGE Housing; [Elisa Jagerson](#), CEO Emeritus of FutureBrand Speck; and [Dan Seubert](#), a veteran real estate attorney.

Hello Housing is comprised of a unique team of experts with backgrounds in affordable housing program management, program design, finance, development, construction and services. It is critical for our organization to possess a deep understanding of these different industries, each with their own language, cultures and norms, in order to bring them together successfully into a single program or project.

The key staff committed to the day-to-day management of the Town of Los Gatos' BMP Program will be:

- Program Director, Matt Warner - [matt@hellohousing.org](mailto:matt@hellohousing.org), (415) 689-7746
- Associate Director of Operations, Sarah Duval – [sduval@hellohousing.org](mailto:sduval@hellohousing.org), (415) 967-7581
- Program Manager, Janina Navarro – [janina@hellohousing.org](mailto:janina@hellohousing.org), (415) 564-1129
- Compliance Manager, Nadia Stanizai – [nadia@hellohousing.org](mailto:nadia@hellohousing.org), (415) 989-1472
- Program Associate, Mollie Rayer-Haselkorn – [mollie@hellohousing.org](mailto:mollie@hellohousing.org), (415) 481-3528

## 2. Intended Role of Staff

The staff dedicated to Los Gatos program are Matt Warner, Sarah Duval, Janina Navarro, Nadia Stanizai and Mollie Rayner-Haselkorn. Their intended roles are as follows:

- Program Director, Matt Warner, will provide program oversight and make programmatic improvement recommendations.
- Associate Director of Operations, Sarah Duval, will provide programmatic oversight, training of staff, track any BMP defaults, assist the town in establishing new sales price of units and provide support to the Program and Compliance Manager as needed.
- Program Manager, Janina Navarro, will be the primary point of contact and manager of the contract. Janina will be responsible for managing all aspects of the ownership program, including regularly updating marketing materials and the website, management of sales, processing of subordination requests, management of ownership compliance monitoring, eligibility screening, processing of capital improvement requests and training.
- Compliance Manager, Nadia Stanizai, will serve as the responsible party for all BMP rental activities, including monitoring, program compliance, communicating with property management and tenants and verification of tenant income. backup to the primary Program Manager during times of high transaction volume or when the primary Program Manager is out of the office.
- Program Associate, Mollie Rayner-Haselkorn, will be the initial point of contact for program inquiries from prospective applicants, assist in compliance monitoring, program eligibility review and all large data and mailing projects.

Please see below for individual resumes.

### Mardie Oakes, President

In her role as founding President for Hello Housing, Mardie:

- Is responsible for all facets of the organization's performance;
- Oversees the Hello Stewardship, Hello R&D and Hello Development teams;
- Oversees all financing relationships ensuring funding requirements and needs are being met;
- Leads new business development for the organization;
- Represents the organization in public forums and in the media;
- Led the successful affiliation with MidPen Housing, including the transition of accounting, HR, legal and insurance functions to MidPen's administrative team and the board transition;
- Negotiated and closed \$10 million in financing for HUD Neighborhood Stabilization Program (NSP) foreclosure recovery activities to support \$30 million in for-sale redevelopment;
- Led the creation of a shared regional marketing platform for affordable homes ([www.homehub.org](http://www.homehub.org));
- Negotiated and closed a \$2.7 million line of credit from Clearinghouse CDFI to leverage NSP funding, more than doubling the number of homes made possible by NSP;
- Negotiated and closed \$1.5 million in permanent debt for supportive housing at peak of the financial crisis;

- Negotiated and closed \$120 million in acquisition and construction financing with Bank of America;
- Negotiated and closed \$105 million in permanent financing from CalHFA;
- Secured \$20 million in acquisition/bridge financing with The Mechanics Bank;
- Managed a \$100 million tri-party Housing Development Agreement; and
- Purchased 60 infill properties in 19 Bay Area jurisdictions for renovation or new construction to serve 240 individuals with developmental disabilities leaving Agnews Developmental Center.

Mardie, a 2006 Echoing Green Fellow, combines experience in architecture, development and finance with a passion for making the places people live places to thrive. After earning her architecture degree from Rice University, she spent five years developing affordable housing and commercial buildings to revitalize the Fifth Ward, Houston's lowest income neighborhood (85% African American, 10% Latino). She was the project manager for the Maxwell award-winning Lyon's Village, a 24-unit, 10,000 SF retail mixed-use tax credit project focused on low- and extremely low-income families. Her responsibilities included project management from community visioning through stabilized occupancy. She assembled LIHTC, FHLB, LISC, and lender financing, performed all related due diligence and compliance, worked with city officials to obtain political support and project approvals, oversaw design, and served as General Contractor overseeing 30+ subcontractors, many of whom were local to the Fifth Ward community. She also managed the land acquisition department for single-family home development which involved: identifying target lots for development, contacting owners through title search or neighbor inquiry, working with sellers and title companies to obtain clear title, and managing the loan closing process. Mardie also managed corporate partnerships, including the Houston Rockets who had players volunteer 2-3 times per year at new construction sites alongside the family purchasing the home.

During that time, she co-created *16 Houses: Owning a House in the City* in partnership with Rice School of Architecture and DiverseWorks Artspace, a leading interdisciplinary arts organization. The project invited local and national architects to design innovative and affordable single-family homes for residents of the Fifth Ward, which resulted in an exhibition, book and construction of several demonstration homes. Through this project, Mardie recognized the need for creative financing solutions – and for building bridges across disciplines - to make cutting-edge projects a reality. This led her to Harvard Business School where she was awarded a Harvard Service Fellowship at Boston Community Capital, one of the nation's leading community development financial institutions where she analyzed new business opportunities for BCC; analyzed the social impact of BCC's loan and venture funds; designed and implemented loan fund systems to support organizational growth; provided technical assistance to Boston Community Loan Fund borrowers; researched exit strategies for community development venture capital investments and analyzed secondary markets as a solution to CDFI liquidity constraints.

Mardie moved to the Bay Area in 2003 to be Director of Real Estate Lending for Opportunity Fund where she invested \$20 million of debt into affordable housing and community facilities throughout Silicon Valley. In 2005, after providing the predevelopment financing for a pilot to the Agnews Closure in Cupertino, she co-founded Hello Housing with previous Board President Chuck Gardner to serve as the master developer for the Agnews closure.

Mardie has a Bachelors of Architecture from Rice University and an MBA from Harvard Business School.

## Jennifer Duffy, Vice President

In her role as Vice President, Jennifer:

- Works in collaboration with the President, the Director of Business Development and Program Manager for Hello R&D to design, finance and implement new housing programs;
- Leads all property acquisition and disposition efforts on behalf of the organization;
- Oversees the development and construction management teams;
- Administers the City of Oakland's Abandoned and Vacant Lot Initiative through the City's Community Buying Program;
- Represents the organization and city partners in public forums;
- Oversees the partnerships with jurisdictions, municipalities, lenders, project brokers, homebuyer counseling agencies and peer developer partners, enabling multiple parties to work efficiently and collaboratively to achieve critical project milestones;
- Holds Hello Housing's Broker License and MLO endorsement ensuring compliance with all applicable Federal, State and Local laws pertaining to Hello's Real Estate activities;
- Manages all loan servicing activities;
- Led the acquisition and development of over 140+ homes for working families across the Bay Area;
- Managed all development communications among three Bay Area Regional Centers, the State Department of Developmental Services, the State Department of Social Services and the administrative team at Agnews Developmental Center, during the mandated closure of a state-run institution; and
- Facilitated communication and training with the State Fire Marshal and 19 local jurisdictions regarding legislation which created a new Community Care Licensing category (Senate Bill 962) for Community Care Facilities.

Jennifer is responsible for transforming great ideas into sustainable programs that serve the mission of Hello Housing. Designing and implementing new programs is a strength and a passion that Jennifer brings to her work. She has helped Bay Area cities and counties craft new approaches to maintain and protect existing affordable housing stock during the economic downturn while also designing anti-blight and anti-displacement strategies through innovated public-private partnerships with mission-oriented companies. Jennifer brings 20+ years of experience pioneering new models of housing and service delivery for individuals and working families across the socioeconomic spectrum.

Prior to her work at Hello Housing, Jennifer worked as a leader in the field of service delivery at Community Living Opportunities, Inc. (CLO), a nationally recognized private service corporation, based in Eastern Kansas and affiliated with the University of Kansas. During Jennifer's tenure with CLO, she supervised all property expansion projects for the residential program that supported over 200 adults. Through her work with community contractors, she expanded housing opportunities for this population two-fold throughout the State of Kansas. Jennifer has helped to advocate and design cutting edge service technologies to aid in the support and independence of adults and children with significant supervision needs including the implementation of a new Camera Monitoring Surveillance system currently being utilized by service providers in Kansas, Tennessee and New York to help individuals live more independently in less restrictive community environments.

Jennifer is currently serving as an Advisor of the Board of Directors for California Community Opportunities, a well-recognized non-profit residential service corporation, which deploys innovative service models for children and adults with developmental disabilities so that they can achieve personally satisfying and fulfilling lifestyles in their communities. Jennifer earned a Bachelor of Science degree in Education and a Masters of Social Welfare from the University of Kansas and is a licensed Real Estate Broker in the State of California.

## Matt Warner, Program Director

In his role as Program Director of Hello Stewardship, Matt:

- Provides leadership and education regarding the importance of professional stewardship of BMR and DPA programs;
- Provides training, oversight and direction of the Hello Stewardship team, which administers eight municipalities' BMR and DPA programs, which include 1,010 BMR homes and 784 affordable rental units;
- Consults with local jurisdictions to provide technical assistance on affordable housing program design;
- Oversees the marketing and sale of inclusionary BMR units for market-rate developers, including marketing plan creation, launching online campaigns, hosting program workshops, and lottery drawings;
- Serves as the relationship manager for all contracts served;
- Provides oversight of the pricing, marketing and sale of BMR re-sales for multiple municipalities;
- Performs BMR buy-back feasibility assessments for jurisdictions facing potential loss of units due to foreclosure; and
- Works directly with the President to ensure the program is sufficiently resourced as additional contracts are secured.

Matt has ten years of experience administering various affordable housing and loan programs. Matt proved himself as a Program Manager with Hello Housing for three years before being promoted to Program Director in 2015. As Program Manager, he effectively managed all aspects of BMR and DPA administration of a portfolio of 600 homes and loans, managed a BMR buy-back program that successfully generated significant recurring program revenue for a City client, as well as preserved BMR units. Matt also worked closely with the President to design and launch an on-line BMR application process for new for-sale inclusionary BMR homes in high-demand jurisdictions.

Prior to joining Hello Housing, Matt served as a Certification Specialist for HomeBricks, where he gained three years of experience in BMR housing administration, originating DPA loans, performing marketing and buyer eligibility for NSP programs and management of municipalities' portfolios of affordable homes. His responsibilities included determining applicant eligibility, underwriting DPA loans, coordinating escrow and creating sales projections for two BMR developments in San Francisco, totaling over 250 units. In addition, he was responsible for the annual compliance and reporting for two East Bay municipalities' portfolios of BMR and DPA loans. Matt also managed the marketing and sale process for several large developers' inclusionary BMR units, in the Cities of San Francisco and Dublin, and NSP developers in Alameda and Contra Costa Counties.

Matt earned a Bachelors Degree in Economics from San Diego State University.

## Sarah Duval, Associate Director of Operations

In her current role as Associate Director of Operations, Sarah:

- Provides proactive management of the City of Pleasanton's portfolio of Below Market Rate (BMR) homes and Down Payment Assistance (DPA) loans which includes relationship management with City staff, marketing affordable homes for sale, calculating affordable prices; assessing applicants for eligibility; coordinating with lenders and title companies; performing annual compliance monitoring; and helping aspiring homebuyers and existing homeowners navigate the program;

- Pinch hits for Program Managers to host workshops and represent Hello Housing at housing-related events and trainings;
- Regularly assesses and improves training materials for new and existing Stewardship staff to ensure consistent understanding of affordable homeownership, Stewardship best practices and the Hello Housing “way of working”; and
- Analyzes existing workflows and processes to identify areas for alignment and greater efficiency;

Prior to serving as Associate Director of Operations, Sarah worked for two years as Program Manager at Hello Housing, managing the Town of Los Gatos’ and Livermore’s BMR programs.

Prior to joining Hello Housing, Sarah served as Compliance Manager at Eden Housing for several years. At Eden, Sarah co-managed the organization’s rental compliance team where she developed policies, procedures, and training materials to ensure staff followed all governmental and programmatic regulations. In addition, Sarah oversaw and coordinated lease-ups, implemented fair housing policies and responded to Yardi software and compliance questions from staff.

Prior to her work at Eden Housing, Sarah served as a Compliance Administrator at BRIDGE Housing for several years where she supported the Senior Leadership Team in maintaining financial and program compliance. Sarah started her career in non-profit housing in 2007 at a residential SRO hotel in San Francisco’s Tenderloin neighborhood.

In addition to working in non-profit affordable housing, her passion for social justice has led her to several outside projects along the way, which have included collaborating on the American Civil Liberties Union of Northern California’s miACLU campaign, where she worked toward appealing anti-immigrant laws at the state level, as well as serving on the board of a local bay area women’s networking organization, Good Ol’ Girls.

Sarah earned a Bachelor of Arts degree in Sociology from University of California at Santa Cruz.

## Janina Navarro, Program Manager

In her role as Program Manager for Hello Housing, Janina:

- Manages the resales of BMR homes on behalf of local jurisdictions, including preparing marketing material, applicant selection and underwriting;
- Holds educational workshops in English and Spanish for current and prospective buyers to educate new and existing program guidelines and processes;
- Manages BMR ownership compliance monitoring efforts;
- Implements new processes and procedures to meet jurisdictions goals;
- Processes refinance and subordination requests for BMR ownership units in accordance with program guidelines;
- Serves as the primary contact for all Realtors, lenders and homeowners to educate them about the sales and lending process, as well the deed restrictions on the BMR homes in the program managed;
- Assists in the marketing and sale of inclusionary BMR homes on behalf of market-rate developers.

Janina brings over five years of diverse social services and housing management experience to Hello Housing. Prior to joining Hello Housing, Janina served as a Project Manager for Glide Community Housing and as a Resident Services Coordinator for Mission Housing Development Corporation.

## Nadia Stanizai, Compliance Manager

In her role as Compliance Manager, Nadia:

- Provides written and verbal correspondence with Below Market Rate rental program participants and potential BMR tenants;
- Provides training to property managers on BMR process and requirements;
- Audits lease terms of BMR tenants to ensure program compliance;
- Performs rental lease up certifications and annual re-certifications;
- Assists with compliance monitoring; and
- Provides support to the Program Manager with application underwriting.

Prior to working for Hello Housing, Nadia worked directly for the Director of Real Estate for Hamilton Families, a Bay Area affordable housing non-profit, where she gained knowledge on tenant and landlord rights, property law and database management.

Nadia earned a Bachelor of Arts degree in English Literature from CSU East Bay.

## Mollie Rayner-Haselkorn, Program Associate

In her role as Program Associate of Hello Stewardship, Mollie:

- Provides written and verbal correspondence with Below Market Rate program participants and potential BMR applicants;
- Assists homeowners by referring them to resources to assist in refinancing and reselling their BMR homes;
- Assists with Hello Housing's large database projects;
- Provides support to the Program Manager and Compliance Manager with application underwriting; and
- Provides office management.

Prior to joining Hello Housing, Mollie worked as a Community Outreach Assistant at the Cancer Research Institute. While pursuing her Master's degree Mollie worked closely with the non-profit African Community Education to help provide social and educational services to refugee and immigrant youth. She also served as an AmeriCorps member for City Year Louisiana before attending college.

Mollie earned her Bachelor of Arts degree in Geography, as well as Master's degree in Community Development and Planning from Clark University.



## B. Experience and History

### 1. Programs Administered and Firm's Role



Since Hello Stewardship was founded in 2012, it has steadily increased contracts under management with scope of services to include BMR/BMP program management. A general description of each of these programs are detailed below:

#### City of Alameda

Administration of Below Market Rate and Down Payment Assistance Program

Scope: Managing the City's BMR portfolio (121 homes) and monitoring the City's Down Payment Assistance loans (20 loans). Hello Housing facilitates comprehensive marketing to underserved populations for the sale of all BMR homes. Hello Housing establishes unit pricing, provides listing agent coordination, and performs application underwriting to the program guidelines. Hello Housing reviews all first lenders' financing terms to ensure the loan meets program requirements and prepares BMR agreements for City execution.

#### City of Concord

Administration of the City's First Time Homebuyer Loan and Below Market Rate Programs

Scope: Managing the City's BMR portfolio (19 homes) and First Time Homebuyer Program (42 loans). Hello Housing processes and underwrites applications, creates closing documents, coordinates escrow and performs ongoing monitoring of the City's portfolio of FTHB loans and BMR homes. In addition, Hello Housing facilitates the resale of all BMR homes.

#### City of Cupertino

Administration of City's Below Market Rate Homeownership and Rental Programs

Scope: Managing the City's BMR portfolio of ownership and rental housing (121 ownership and 138 rental homes). Hello Housing processes and underwrites the BMR applications, creates closing documents, coordinates escrow, and performs ongoing compliance monitoring activities. In addition, Hello Housing manages the waiting lists and facilitates the marketing, sale and rental of all BMR homes, including establishing pricing and underwriting buyer qualification.

#### City of Emeryville

Administration of City's Below Market Rate Homeownership, Rental and Down Payment Assistance Programs

Scope: Managing the City's BMR portfolio of ownership, rental housing and down payment assistance programs (230 ownership, 600 rental and 173 down payment assistance loans). Hello Housing markets BMR homes, processes and underwrites the BMR applications, creates closing documents, coordinates escrow, and performs ongoing compliance monitoring activities. In

addition, Hello Housing underwrites all new tenants in BMR rental units, performed rental compliance monitoring and manages the down payment assistance portfolio.

### City of Livermore

Administration of the City's Affordable Homeownership and Mortgage Assistance Programs

Scope: Managing the City BMR portfolio (130 homes) and down payment assistance loan portfolio (81 loans). Hello Housing issues new down payment assistance loans, monitors the loan and ownership portfolio for compliance with program guidelines, facilitates the sales of all new inclusionary homes, resale of existing BMR homes and processes refinance requests.

### City of Menlo Park

Below Market Rate Homeownership and Down Payment Assistance Loan Administration

Scope: Managing the City's BMR portfolio (68 homes) and acts as the Loan Servicing Administrator for the City's BMR loan portfolio. This loan portfolio includes down payment assistance loans, emergency repair loans, CDBG loans and rehabilitation loans. Under this program, Hello Housing is responsible for the monthly collection of amortizing payments from each borrower, responding to refinance requests, preparing subordination documents where required, preparing payoff demands and creating Deeds of Reconveyance as loans are paid off. The loan portfolio value totals \$3.5M in principal. Over the past two years, Hello Housing has assisted borrowers in the payoff of 33 loans totaling \$1.5M in value and supported 25 delinquent borrowers to modify their loans and therefore return back into compliance with the city program.

### City of Novato

Below Market Rate Homeownership Program Administration

Scope: Managing the City's BMR ownership portfolio (409 homes) and rental portfolio (524). Hello Housing conducts site inspections, holds workshops, reviews refinances for compliance, processes subordination requests, creates closing docs, performs buy-backs of all homes at risk of foreclosure, facilitates all resales, reviews BMR rental project rolls, performs tenant eligibility screening, determines annual rent amount and provides ongoing recommendations to City staff regarding policy improvements, including direct briefings with City Council members on complex issues.

### City of Pleasanton

Below Market Rate Homeownership and Down Payment Assistance Program Administration

Scope: Managing the City BMR portfolio (88 homes) and monitoring the Down Payment Assistance Loan Portfolio (53 loans). Hello Housing facilitates the sales of all new units, resale of existing BMR homes, performs compliance monitoring and processes refinance requests.

### County of Alameda HCD

Design and Management of Down Payment Assistance Program

Scope: Designing and administering Measure A-1 funded \$50M down payment assistance program, serving moderate income buyers to purchase market rate housing through Alameda County. The Program launched in May 2019. The program has originated 33 loans to-date and is on track to originate 70 loans a year over the next two years.

## Town of Los Gatos

### Administration of Town's Below Market Price (BMP) Homeownership and Rental Program

Scope: Managing the Town's BMP portfolio of ownership and rental housing (55 ownership and 119 rental homes). Hello Housing processes and underwrites the BMP applications, creates closing documents, coordinates escrow, and performs ongoing compliance monitoring activities. In addition, Hello Housing facilitates the marketing, sale and rental of all BMP homes, including establishing pricing, listing agent coordination, and buyer qualification.

Hello Stewardship contracts with for-profit developers to market and sell their inclusionary BMR housing:

- Signature Homes: Managed the sale of Signature Homes' 15 inclusionary BMR homes in Candlestick Cove. Hello Housing created and implemented the marketing plan, held informational workshops, performed buyer qualification, conducted lotteries and facilitated close of escrow.
- Tri Pointe Homes: Managed the sale of Tri Pointe Homes' 16 inclusionary BMR homes in Alameda Landing. Hello Housing created and implemented the marketing plan, held informational workshops, performed buyer qualification, conducted lotteries, created closing documents and facilitated close of escrow.
- Lennar: Managed the sale of Lennar's 12 inclusionary BMR homes in Daly City and 16 inclusionary units in Alameda. Hello Housing created and implemented the marketing plan, held informational workshops, performed buyer qualification, conducted lotteries, created closing documents and facilitated close of escrow.
- KB Home: Managed the sale of KB Home's seven inclusionary BMR homes in Lafayette and 11 homes in Daly City. Hello Housing created and implemented the marketing plan, held informational workshops, performed buyer qualification, conducted lotteries, created closing documents and facilitated close of escrow.

## 2. Program Successes and Challenges

Hello Housing has enjoyed numerous successes and developed unique strengths in managing BMR/BMP programs throughout the years that have provided benefits for our City partners, as well as competitive advantages for Hello Housing over our peers in the affordable housing program management industry. A few of our highlighted strengths and accomplishments are outlined below.

### *Preserving BMRs at Risk of Loss to Foreclosure*

Taxpayers invested millions into two affordable homeownership developments in the City of Novato. Like many BMR projects that were developed in the early 2000s, property values dropped below the original BMR sales price after the crash, leaving many BMR owners underwater. Combined with the financial hardships of the recession, these developments were not immune to the foreclosure crisis. To make it even more challenging, after the dissolution of redevelopment agencies, Notices of Default and Notices of Trustee's Sales were being mailed to defunct addresses, preventing the City from having sufficient time to act. In collaboration with the City, Hello Housing developed a "buy-back feasibility tool" which guides the Hello Housing team in preserving a BMR unit that would otherwise be lost to foreclosure.

For example, Hello Housing recently learned on a Friday afternoon about a BMR unit scheduled for trustee's sale the following Wednesday. Hello Housing was able gather the necessary data to present a financial analysis and recommended maximum bid price for City approval. Hello Housing's Program Director attended the auction, educating other bidders that if they were to buy the home, they would be subject to the City's affordability restrictions. This allowed the City to buy the home at the opening bid price, which was below the restricted price, leaving room for some rehab and resale costs. Hello Housing relocated the former owner, performed minor rehab work and sold the home to an eligible buyer at an affordable price at the AMI level of the original buyer with the resale restriction intact.

Due to the discounted auction price, the City is preserving the affordability of the home while collecting sales proceeds to help fund its ongoing BMR program administration. To-date, Hello Housing has preserved eight BMR homes by purchasing through auction purchased, resulting in enough program revenue to pay for Hello Housing's services for the two previous years.

### *Database Management and National Best Practices*

Hello Housing is committed to collecting data on program participants to inform marketing and track programmatic outcomes.

In January 2013, Hello Housing was one of ten organizations nationwide awarded multi-year funding from the White House Social Innovation Fund and the Ford Foundation to build its capacity to professionally manage affordable housing programs using national best practices. This financial support and technical assistance allowed the organization to invest in adopting HomeKeeper, a Salesforce database designed for BMR and down payment assistance programs, to efficiently manage their growing portfolio. This platform radically increases the level of complexity that can be managed by a small staff, making each file's unique details easily accessible. All relevant application status, income, property, loan, demographic and impact data is tracked and is easily customized and exported into reports that will be provided to the Town of Los Gatos.

An added benefit of using HomeKeeper is the ability to participate in a National Data Hub, an ambitious effort to improve program management and collect impact data for BMR programs so that programs can be designed based on outcomes rather than anecdotes. The Hub seamlessly aggregates and crunches a subset of anonymous data from all HomeKeeper users to calculate a set of social impact metrics. Hello Housing will be able to view reports that compare the impact of its

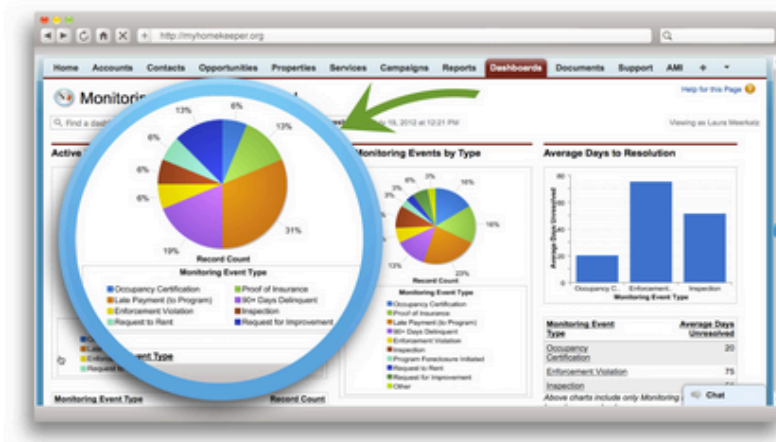
programs to those of its peers. These comparisons are not public, but they do provide a critical feedback loop Hello Housing.

Here are some sample screenshots from HomeKeeper:



### See what matters.

With our fully customizable dashboards, you can quickly access snapshots of your data in real-time. Easily spot trends, monitor progress, measure outcomes and identify issues needing your attention.



### Monitoring made easy.

Stay on top of your monitoring and compliance activities by tracking occupancy certifications, insurance coverage, and delinquencies and more.

Hello Housing is a member of Grounded Solutions Network (GSN), a national member-based organization deeply invested in affordable housing program design and management. GSN provides us with access to national experts in the field. We send all of our Stewardship staff to their annual training conference for continuing education and to stay abreast of all affordable housing management best practices. We aim to meet or exceed GSN's Stewardship Standards for Homeownership programs. Hello Housing's President, Mardie Oakes sits on Grounded Solutions Board of Directors.

### Language Access

Janina Navarro, the Program Manager assigned to work on the Los Gatos contract is fluent in Spanish. Hello Housing also has staff in the office that are fluent in Mandarin and Cantonese. Should translation to an additional language be required, Hello Housing has an account with Language Line that can be utilized (if reimbursed by the Town)

### 3. Program Costs

Please refer to section C-4: Schedule of Fees.

#### 4. References

**City of Cupertino**

Kerri Huesler, Housing Manager  
408-777-3251  
KerriH@cupertino.org

**City of Novato**

Vickie Parker, Community Development Director  
415-899-8938  
vparker@novato.org

**County of Alameda**


Michelle Starratt, Housing Director  
510-670-5207  
michelle.starratt@acgov.org

C. Proposal

1. Application

**EXHIBIT A**

**Proposal Application**

1. **Organization Name:** Hello Housing
  2. **Address:** 1242 Market Street, 3rd fl, San Francisco, CA 94102
  3. **Organization Contact/Title:** Matt Warner, Program Director
  4. **Telephone Number:** (415) 689-7746 **E-Mail:** Matt@hellohousing.org
  5. **Title of Program:** The Town of Los Gatos BMP Program
  6. **Total annual cost:** ~\$140,000
  7. **BMR/BMP units currently administered:** 1,240 Ownership Units & 1,384 Rental Units
- Signature of Authorized Official:** 
- Date:** August 21, 2020



## 2. Proposal Narrative

Bay Area nonprofit Hello Housing is uniquely positioned to offer comprehensive BMP portfolio administration to the Town of Los Gatos. Hello Stewardship, a program of Hello Housing, currently manages an array of homeownership, rental and downpayment assistance programs for 10 jurisdictions, providing active management of 1,240 deed-restricted ownership homes and 1,384 BMR/BMP rental units. Hello Housing has a proven track record in all requested services, except homebuyer counseling which is referred to local, HUD-certified partner agencies. As the Town's current administrator of five years, Hello Housing is well-versed in the BMP program and has established relationships with program participants and property managers.

### 3. Implementation Plan

Hello Housing's approach to managing Below Market Rate (BMR) Programs is to Simplify, Serve and Sustain.

**SIMPLIFY** We invest heavily in setting up programs for success. We create custom webpages for each program we manage, clarifying program guidelines and providing downloadable access to key forms for program participants. We scan files into an archival PDF for efficient reference by staff. We enter key data into Homekeeper, our web-based Salesforce database, providing staff and our partners with homebuyer details and transparent program-wide reporting at the touch of a button.

**SERVE** BMR programs are nuanced and there can be a great deal of confusion among BMR program participants, especially when oversight has been inconsistent. This lack of clarity creates stress for the owner and presents real challenges for cities charged with serving their citizens. We provide relief to jurisdictions by educating BMR program participants about ongoing program requirements, helping renters qualify for units, guiding owners through the refinance and resale process and providing active management when something goes wrong.

**SUSTAIN** Hundreds of millions of taxpayer dollars have been invested into affordable homeownership and rental programs in California. Like any investment, active management is necessary to reduce the risk of loss or abuse. Without the dedicated support of people who truly understand the program, owners of Below Market Rate homes may lose their home to foreclosure, ending up worse off than when they started, or they may over encumber their home, putting the asset at risk. Renters whose incomes have risen and no longer qualify for lower rents diminish the impact of the program by being allowed to stay in a BMR units. At a time when the demand for affordable housing and the volume of households being displaced is so high, the protection and preservation of BMR portfolios is paramount. Hello Stewardship follows national best practices to ensure this housing stock is available for future generations.

By providing active, professional and affordable administration of Below Market Rate ownership and rental programs, Hello Stewardship helps jurisdictions achieve their program goals within a context of limited resources. When managed well, BMR programs create real opportunities for low- and moderate-income families to improve their lives. In the case of homeownership, this means homebuyers not only purchase a home, but are able to stay in their home, send their children to better schools, and save money to enter into the conventional homebuyer market.

The following represents Hello Housing's implementation plan, which would commence immediately upon the execution of a contract. Hello typically fully onboards a program within 3 months of contract execution, which means staff will be trained and well-versed in the program, inventory all program documents and send out introductions letters, but Hello Housing and the town have the benefit of that scope of work already completed in the previous contract period.

#### I. Field Calls from the town and public, maintain website, reporting

Hello Housing will field all program inquiries, maintain current webpages, advertise the BMR program, provide applications upon request, maintain an interest list of buyers and refer renters to property managers. Hello Housing will maintain a preferred BMR lender list which have all program document approved by their bank. Hello Housing will offer translation services in Spanish, as needed. At the request of the City, Hello Housing will calculate BMR prices for new BMR for-sale projects, suggest modifications to the program and assist City staff on program-

related matters. Hello Housing will maintain relationships with at least two local homebuyer counseling agencies and direct prospective homebuyer to these organizations for pre-purchase and post-purchase counseling. Hello Housing will develop and provide semi-annual activity reports to the town.

## II. BMP Owner Occupancy Monitoring

Hello Housing will annually send up to three letters to BMR homeowners and borrowers requesting verification of occupancy and any other compliance requirements of the program, such as insurance. Hello Housing will perform a review of the liens recorded on title to identify any new liens or title transfers that are unpermitted. Upon completion of annual monitoring and compliance, Hello Housing will provide the city with a monitoring report summarizing the findings and listing detailed information regarding non-responders or non-compliant responders. All monitoring results will also be tracked in our Salesforce database. Should owners be non-responsive or out of compliance and the City is prepared to take action, Hello Housing can provide enforcement services.

## III. BMP Workshops

Hello Housing will conduct workshops as needed to inform the general public about BMP ownership opportunities as well as provide information to current tenants and property managers for the BMP rental program. Ownership workshops will include a customized presentation to the specific development or opportunity, providing detailed instructions on the application process as well as the resale restrictions and available financing. Rental workshops will provide an overview of the program as well as create an opportunity for tenants and property managers to ask questions.

## IV. BMP Resale Management

Hello Housing will prepare marketing materials and advertise homes to the maintained interest list for the City, referenced populations such as school districts, as well as Hello Housing's Stay Connected E-Newsletter, which has over 17,000 aspiring first time homebuyers in the throughout the Bay Area. Hello Housing will review all pest and inspection reports to determine any repairs needed before listing the home for sale. If it is determined that an additional visual inspection is needed, Hello Housing will perform a site inspection. Hello Housing will calculate the restricted resale price in accordance with the Town's agreements and create a resale application. The listing agent will be responsible for holding at least one open house. Education about program requirements, a responsibility matrix and a sales timeline will be provided to listing and buyer's agents. Hello Housing will perform a lottery to ensure fairness and equal access to the opportunity. Hello Housing will review applications in lottery ranking order for completeness, verification of preference points and program eligibility. A complete file will then be sent to the Town along with an income calculator, detailed checklist and our recommendation for approval. Once the Town approves the file, we will begin collecting the required information from escrow and the lender that is needed to complete the City documents including restrictions, notes, DOTs and escrow instructions. Hello Housing will create the BMP documents and route to the Town with instructions for signature and notarization. Hello Housing will track escrow ensuring conforming loan is secured, a timely close is met and the City receives copies of recorded documents. Once complete, these files become part of our ongoing monitoring portfolio. Finally, Hello Housing will send an exit survey to the BMP owner leaving the program to track the impact of the program including equity gained, and type of housing they are moving into (e.g. rental, affordable or market-rate ownership).

V. BMP Refinances and Subordination

Hello Housing will answer questions from the public and provide information on acceptable first loan products for a refinance, required documentation needed to process a request, and timeline expectations for lenders and owners. Hello Housing will coordinate with the Title Company and first lender for access to a preliminary title report and the lender's 1003, 1008 and loan estimate in order to review and confirm that the refinance meets program guidelines. Once our review is complete and the request is approved, Hello Housing will prepare the subordination agreement, escrow instructions and a request for notice of default and route for signature. Lastly, we will follow up with the title company on close of escrow, and status of the Town's receipt of copies of recorded documents.

VI. BMP Rental Compliance Monitoring

Hello Housing will coordinate with BMP rental property managers to obtain annual compliance reports for rent-restricted tenants which will include names of all adults on the lease, addresses, lease dates, incomes and rent amounts. Hello Housing will reach out directly to each tenant in the program annually and request a completed re-certification to be completed, which will include an application and supporting documentation substantiating income and program eligibility. Hello Housing will follow-up with property managers and tenants for missing information up to three times. Hello Housing will work with property managers directly for any required rent adjustments or to terminate a tenant's program participation if they no longer qualify or are non-responsive. Hello Housing will prepare detailed monitoring reports summarizing the compliance monitoring efforts and results.

VII. BMP Rental Eligibility Verification Upon Vacancy

Hello Housing will coordinate with property managers on projects that have a vacancy in a BMP rental unit. Hello Housing will review all program applications and supporting documents presented from the Property Managers for initial lease up to confirm eligibility. If a file is incomplete a list of conditions will be sent to the property managers. Upon satisfactory evidence of eligibility, Hello Housing will provide tenant and property manager with an approval or denial notification, and coordinate with the property manager to obtain the signed lease and BMP addendum.

VIII. Demographic Survey of Existing Owners/Tenants

In order to determine if the Town's BMP programs are serving diverse populations equitably, Hello Housing will conduct a demographic survey of the portfolio of owners and tenants that are participating in the program. Hello Housing will collect demographic, language, and educational information whenever there is a touchpoint with the owner or tenant (e.g. monitoring/recertification, refinance, etc.) to increase response rates to a level where we can draw more confident conclusions about who the program is serving. In order to benchmark the results of this survey as best we can, the format and choices of questions closely mirror how questions are asked by the U.S. Census Bureau. This information will be stored in Hello Housing's CRM Salesforce software, HomeKeeper. Annually, Hello Housing will provide an update of the BMP program demographic composition along with the monitoring results.

## IX. Hourly Services

Hello Housing will provide services at an hourly rate for all programmatic needs not included in the scope listed above, such as foreclosure prevention, program guidelines consultation, BMP buy-back or any other requested scope of work not listed in the above sections.

4. Schedule of Fees

# Proposed Pricing for the Town of Los Gatos

## Administration of Los Gatos's BMR Program

21-Aug-20

Ownership - Key Assumptions		2020-2021	2021-2022	2022-2023
BMP Ownership Homes in Portfolio		55	55	55
Estimated Number of Resales		2	2	2
BMP Homes Subject to Annual Monitoring		55	55	55
Estimated Number of Refinances		3	3	3
Annual Escalator	(a)		7%	7%

Ownership Activities	Notes	2015-2020 Rates	2020-2021 Rates	2021-2022 Rates	Year 1	Year 2	Year 3
<b>ANNUAL FIXED FEES</b>							
Field calls from Town & public, maintain website, staff, reporting	(b)	\$625 per month	\$650 per month	\$696 per month	\$ 7,800	\$ 8,346	\$ 8,892
BMP Ownership Annual Compliance Monitoring		\$150 per household	\$165 per household	\$177 per month	\$ 9,075	\$ 9,710	\$ 10,346
		<i>Annual Fixed Cost Subtotal</i>	<i>Annual Fixed Cost Subtotal</i>		\$ 16,875	\$ 18,056	\$ 19,238

<b>ANNUAL VARIABLE FEES (VOLUME DEPENDENT)</b>							
BMP Workshops		\$750 per workshop	\$1,000 per workshop	\$1,070 per workshop	\$ -	\$ -	\$ -
Management of Resales		\$7,500 per home	\$10,380 per home	\$11,107 per home	\$ 20,760	\$ 22,213	\$ 23,666
Management of Refinances		\$650 per transaction	\$875 per transaction	\$936 per transaction	\$ 2,625	\$ 2,809	\$ 2,993
Demographics Summary Report for Existing Homeowners		n/a	\$15 per household		\$ 825		
Allowance for Hourly (assumes Program Manager rates for pricing)		\$85 per hour	\$110 per hour	\$118 per hour	\$ 1,100	\$ 1,177	\$ 1,254
			<i>Variable Cost Subtotal</i>		\$ 25,310	\$ 26,199	\$ 27,913

<b>OWNERSHIP</b>				
Annual Fixed Costs		\$ 16,875	\$ 18,056	\$ 19,238
Projected Transactional Costs		\$ 25,310	\$ 26,199	\$ 27,913
		\$ 42,185	\$ 44,255	\$ 47,150

Rental - Key Assumptions		2020-2021	2021-2022	2022-2023
BMP Rental Homes in Portfolio		119	119	119
Estimated Number of BMP Rental Unit Turnover		6	6	6
Estimated Number of Eligibility Reviews to Fill a Vacant Unit		2	2	2
Rental Workshops		1	1	1
Annual Escalator			7%	7%

Rental Activities	Notes	2015-2020 Rates	2020-2021 Rates	2021-2022 Rates	Year 1	Year 2	Year 3
<b>ANNUAL FIXED FEES</b>							
Field calls from City & public, maintain website, staff, reporting	(b)	\$625 per month	\$650 per month	\$696 per month	\$ 7,800	\$ 8,346	\$ 8,892
BMP Rental Compliance Monitoring	(d)	\$300 per unit	\$600 per unit	\$642 per unit	\$ 71,400	\$ 76,398	\$ 81,396
			<i>Annual Fixed Cost Subtotal</i>		\$ 79,200	\$ 84,744	\$ 90,288

<b>ANNUAL VARIABLE FEES (VOLUME DEPENDENT)</b>							
BMP Meeting/Workshops		\$750 per workshop	\$1000 per workshop	\$1070 per workshop	\$ 1,000	\$ 1,070	\$ 1,140
BMP Rental Eligibility Verification Upon Vacancy	(d)	\$300 per applicant	\$600 per applicant	\$642 per applicant	\$ 7,200	\$ 7,704	\$ 8,208
Demographics Survey of Existing Tenants		n/a	\$15 per household		\$ 1,785		
Allowance for Hourly (assumes Program Manager rates for pricing)		\$85 per hour	\$110 per hour	\$118 per hour	\$ 1,100	\$ 1,177	\$ 1,254
			<i>Annual Variable Cost Subtotal</i>		\$ 11,085	\$ 9,951	\$ 10,602

<b>RENTAL</b>				
Annual Fixed Costs		\$ 79,200	\$ 84,744	\$ 90,288
Projected Transactional Costs		\$ 11,085	\$ 9,951	\$ 10,602
		\$ 90,285	\$ 94,695	\$ 100,890

<b>TOTAL OWNERSHIP &amp; RENTAL</b>				
Annual Fixed Costs		\$ 96,075	\$ 102,800	\$ 109,526
Projected Transactional Costs		\$ 36,395	\$ 36,150	\$ 38,515
		\$ 132,470	\$ 138,950	\$ 148,040
	Total	\$ 132,470	\$ 138,950	\$ 148,040
	5% contingency	\$ 6,624	\$ 6,947.51	\$ 7,402.02
	Contact Maximum (c)	\$ 139,094	\$ 145,898	\$ 155,442

Additional Services Available Upon Request	Rates
BMR Homeowner Custom Annual Newsletter	\$4000 per issue

<b>Hourly Consulting Fees (for services outside base scope)</b>		
President	\$ 145	\$ 225
Vice President	-	\$ 175
Program Director	\$ 105	\$ 145
Program Manager	\$ 85	\$ 125
Program Associate	\$ 55	\$ 75

### Notes

- (a) For multi-year contracts, Hello Housing incorporates an annual cost escalator of 7%.
- (b) The fee covers staff time fielding questions from applicants, program participants, and the City, submitting reports, regularly updating website and marketing materials and cross-training of multiple staff to be versed in the program details. This fee will be charged on monthly pro-rata basis.
- (c) Hello Housing held fees flat for 5 years despite tremendous increase in cost of living for staff during that time. Current pricing is commensurate with cost of staffing, training and office expenses.



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 6

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DATE: November 13, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt A Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

**RECOMMENDATION:**

Adopt a Resolution (Attachment 1) designating the use of vehicle miles traveled as the metric for conducting transportation analyses pursuant to the California Environmental Quality Act and establishing the thresholds of significance to comply with California Senate Bill 743.

**BACKGROUND:**

On September 27, 2013, Governor Jerry Brown signed Senate Bill (SB) 743 into law which started a process to change transportation impact analysis for purposes of CEQA compliance. The new law directed the Governor's Office of Planning and Research (OPR) to update the *CEQA Guidelines* to include new criteria and metrics for determining the significance of transportation impacts. OPR selected vehicle miles traveled (VMT) as the new transportation impact metric, recommended its application Statewide, and submitted updates to the *CEQA Guidelines* that were certified by the Natural Resources Agency in December 2018.

The Town of Los Gatos is the lead agency for environmental clearance under CEQA for projects within the Town's jurisdiction. Fehr & Peers has been hired to assist the Town in preparing its *Transportation Analysis Policy and Guidelines* using VMT and any other updates to the Town's local transportation policies, as the Council deems appropriate.

The Town Council and Planning Commission held a joint Study Session on October 8, 2019 on the topic as an introduction to the new requirements, concepts, and other provisions. At its

**PREPARED BY:** Ying Smith  
Transportation and Mobility Manager

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Director, and Parks and Public Works Director

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SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

BACKGROUND (continued):

January 21, 2020 meeting, the Town Council discussed how vehicle miles travelled (VMT) and level of service analysis (LOS) would work together in evaluating future development projects.

A document titled *SB 743 Implementation Decisions for the Town of Los Gatos* was completed by Fehr & Peers in July 2020. This document provides background on the changes in the California Environmental Quality Act (CEQA) Transportation Analysis and technical information pertaining to decisions the Town Council will need to make. The Executive Summary is included as Attachment 2 and the entire document is available on the Town's VMT webpage:

<https://www.losgatosca.gov/2563/Vehicle-Miles-Traveled---VMT>

DISCUSSION:

The Town of Los Gatos, as a lead agency, is required to make several key policy decisions in compliance with SB 743 and the *CEQA Guidelines* expectations, which are grouped by specific decision categories (1) VMT metrics, (2) VMT calculation methods, (3) VMT significance thresholds, and (4) VMT mitigation actions. This staff report focuses most of the discussion on the thresholds and the staff recommendation addresses the first three decisions in the list.

Since SB 743 introduces a new mandatory metric for use in CEQA analysis, lead agencies will need to determine what constitutes acceptable and unacceptable levels of VMT. This process is generally referred to as establishing significance thresholds. At the February 18, 2020 meeting, the Town Council was presented with two threshold setting options and it approved the option to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections.

*VMT and the Local Context*

VMT is an output of land use and transportation network infrastructure decisions and is most meaningful when expressed as a Town-wide value for roadways equal or greater in size to arterial roadways. Statewide goals consider blended major metropolitan areas as well as more suburban areas like Los Gatos that are on the fringe of more intensely developed areas. Statewide goals may be more difficult to achieve for jurisdictions like Los Gatos where significant transit, jobs, and development density do not exist. This makes achieving standards recommended by agencies like the California Air Resource Board (CARB) stretch goals in and of themselves.

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

DISCUSSION (continued):

Context for Setting VMT Impact Thresholds

California law states that the criteria for determining the significance of transportation impacts should promote: (1) reducing of greenhouse gas emissions; (2) encouraging infill development; and (3) promoting active transportation. SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving. The Town has discretion to set its significance threshold for VMT impacts, provided that the basis for that threshold is grounded in substantial evidence. To establish VMT impact significance thresholds for land use projects and land use plans in the Town of Los Gatos, two questions must be answered:

- What is the VMT impact significance threshold for land use projects and land use plans under baseline conditions?
- What is the VMT impact significance threshold for land use projects and land use plans under cumulative conditions?

The *SB 743 Implementation Decisions for the Town of Los Gatos* document discusses each of these questions in greater detail.

Methodology Used for Future Year VMT Projections

In coordination with Town staff, Fehr & Peers applied the latest Santa Clara County Valley Transportation Authority (VTA) travel forecasting model to prepare VMT estimates in 2040 conditions at the Town, the County, and the Bay Area region levels. Fehr & Peers used the preferred land use alternative framework for the 2040 Los Gatos General Plan approved by the Town Council on April 7, 2020 as the project description for the VMT assessment. The transportation network was assumed to be the same as in the VTA model in the 2040 scenario.

The total project generated VMT is the expected VMT growth in all vehicle trips, vehicle types, and trip purposes for all project land uses, divided by the sum of residents plus employees. The Town's total projected VMT growth rate, or "budget," was established by the Town's General Plan transportation network and land use growth assumptions.

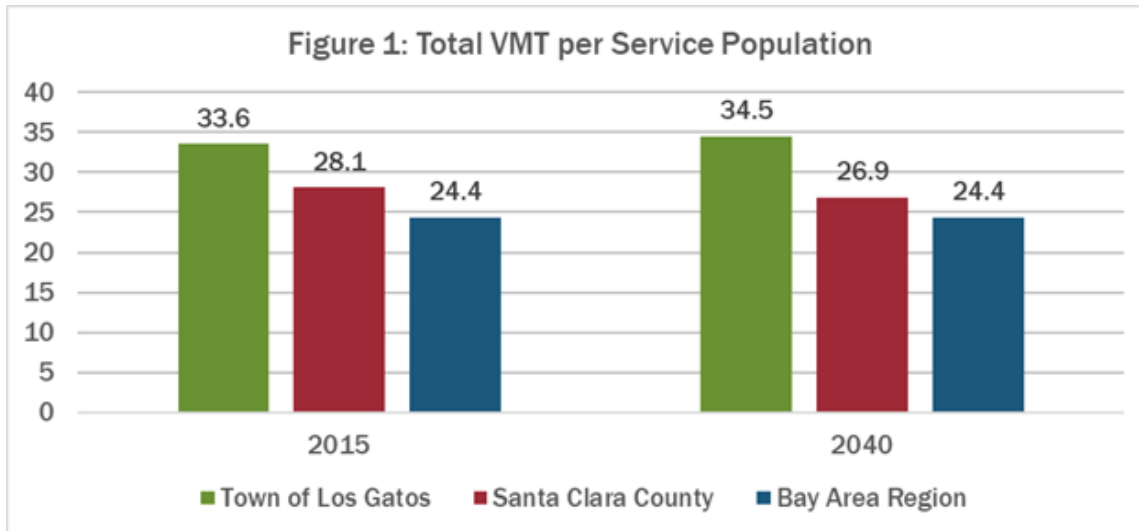
As shown in Figure 1 under existing conditions (2015), the Town of Los Gatos has a total VMT per service population that is greater than both the Santa Clara County and the Bay Area region. In 2040, the Town's project generated VMT per service population trends higher than existing conditions (2015). In comparison, in 2040 Santa Clara County total VMT per service population is decreasing and the Bay Area region total VMT per service population is remaining

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

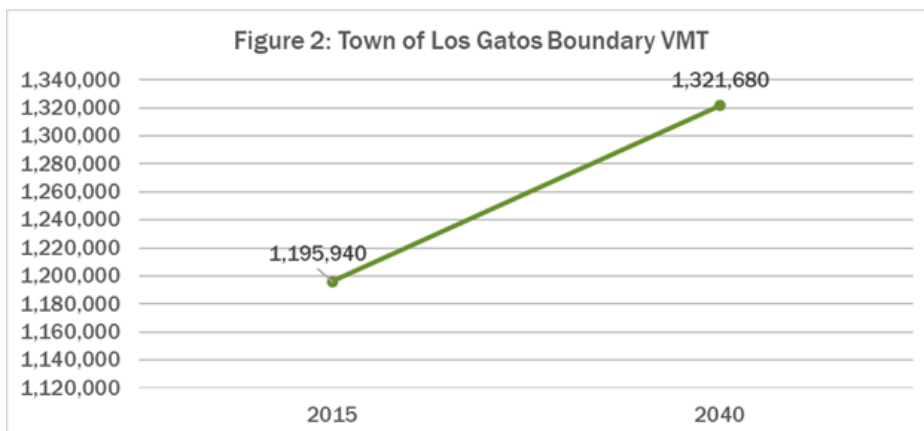
DATE: November 13, 2020

DISCUSSION (continued):

constant. This upward trend in the total VMT per service population in Los Gatos is an important observation that has helped Town staff with recommending a Town specific VMT threshold and a VMT mitigation action approach that would apply under baseline and cumulative conditions.



Another way to illustrate the Town’s expected VMT growth is through measuring boundary VMT. Boundary VMT is a VMT metric that measures the VMT on the jurisdictions roadway system. As Shown in Figure 2, the boundary VMT in the Town of Los Gatos increases from 1,195,940 in 2015 to 1,321,680 in 2040. The boundary VMT on local streets and freeways is expected to grow by 10.5 percent within the Town of Los Gatos, which is nearly twice the amount of boundary VMT growth contained in the State goals.



SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

DISCUSSION (continued):

Range of Thresholds of Significance Options

The Town’s General Plan includes underlying expectations of how population and employment will change between the base year and future year scenarios. Because VMT is a composite metric that is an output of combining long-term population and employment growth projections with long-term transportation network infrastructure – the Town of Los Gatos effectively already has a VMT growth budget (i.e., how much VMT growth is anticipated, where that growth will occur and in what forms) that has already been planned for and determined to be acceptable in the Los Gatos 2020 General Plan.

With this concept in mind, Table 1 provides a summary of the VMT threshold options with percent reductions or increases expressed relative to the baseline VMT metrics. The project team developed four possible VMT threshold options with the possibilities bracketed by a net-zero Town-wide total project generated VMT per service population rate (option 1) and a net-zero Town-wide total project generated VMT option (option 4). The options include:

**Threshold Option 1: Greatest VMT Growth.** This is a zero growth Town-wide total project generated VMT per service population rate option. This jurisdiction specific VMT threshold option would be consistent with the existing General Plan and treats existing and future land development with the same total project generated VMT per service population rate. This option aligns with the preferred land use alternative currently under consideration for the General Plan update.

**Threshold Option 2: Some VMT Growth.** This threshold option supports State goals pertaining to air quality, greenhouse gases (GHG) reductions, and energy conservation by only allowing a 6.5% increase in Town-wide project generated VMT. The threshold would be an 11.3 percent reduction in the total project generated VMT per service population rate from baseline conditions. This option aligns with CARB targets for total VMT reductions.

**Threshold Option 3: Some VMT Growth.** This threshold supports State goals pertaining to air quality, GHG reductions, and energy conservation by reducing the total project generated VMT per service population rate by 14.3 percent from baseline conditions.

**Threshold Option 4: No (Net Zero) VMT Growth.** This is a net-zero Town-wide total project generated VMT threshold. This “Net Zero VMT Threshold” would establish any

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

DISCUSSION (continued):

increase in the Town-wide VMT generated by a new development project in the Town of Los Gatos would constitute a significant impact. This is similar to Caltrans draft guidance for State highway projects. The threshold would be a 16.7 percent reduction in the total project generated VMT per service population rate from baseline conditions.

Table 1 –VMT Threshold Options

Threshold Options	Total Project Generated VMT per Service Population	Total Project Generated VMT
Baseline	33.6	<b>1,888,010</b>
1. Greatest VMT Growth (20% Increase in Baseline VMT)	33.6 <b>(0% change in baseline VMT rate)</b>	2,264,980 (20% increase in baseline VMT)
2. Some VMT Growth (CARB Capacity for VMT Growth = 6.5%)	29.8 (-11.3% reduction from baseline VMT rate)	2,010,730 <b>(6.5% increase in baseline VMT)</b>
3. Some VMT Growth (CARB 14.3% Reduction from Existing Needed in 2050)	28.8 <b>(-14.3% reduction from baseline VMT rate)</b>	1,941,410 (2.8% increase in baseline VMT)
4. No VMT Growth (0% Change from Baseline VMT)	28.0 (-16.7% reduction from baseline VMT rate)	1,888,010 <b>(0% increase in baseline VMT)</b>

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

DISCUSSION (continued):

Among these threshold options, staff recommends threshold option 2 because it aligns with the CARB's Statewide capacity for VMT Growth of 6.5% in total project generated VMT and is supportive of the State's goal. Even with robust VMT mitigation actions as discussed in the following paragraphs, this threshold is still considered a stretch goal in the local setting. It is possible that the General Plan update may result in VMT growth that exceed one or more of the significance thresholds proposed, therefore a significant impact would likely occur.

For all land use and transportation projects, a significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area). Inconsistency with the Plan Bay Area would be evaluated by determining if the VMT for the project increases or decreases the VMT assumed in the RTP/SCS.

VMT Mitigation Actions

Lead agencies making the transition to VMT are realizing the challenges of trying to mitigate VMT on a project-by-project basis. Much of this difficulty arises from the regional nature of VMT impacts, as well as the complexity of underlying factors influencing VMT generation.

For area plans such as general plans and specific plans, mitigation will typically focus on physical design elements related to the ultimate built environment, such as the density and mix of land uses as well as the availability and quality of the transportation network related to transit, walking, and bicycling.

The *SB 743 Implementation Decisions for the Town of Los Gatos* document describes existing VMT mitigation programs and emerging VMT mitigation concepts, as well as several implementation strategies. The recommended path to establish thresholds will support the Town's ability to adopt Town-wide mitigation actions in parallel with the General Plan update.

Many of the viable mitigation measures will be identified as a part of the CEQA analysis conducted for the General Plan update. Through this process, it is unlikely that the Town will be able to achieve VMT reduction targets through new development alone. Adding efforts, such as the Connect Los Gatos program that have the potential for reducing VMT on existing conditions and reliance on regional or statewide regulation may be necessary to achieve targeted reductions.

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

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**CONCLUSION:**

In alignment with the approach to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections, staff recommends that Town Council establishes VMT thresholds of significance for both baseline and cumulative conditions consistent with threshold option 2 (see Table 1) and as defined in Table 2. These proposed thresholds are outlined below and are included in Exhibit A of the Resolution of Adopting VMT Thresholds of Significance (Attachment 1). Substantial evidence to support the establishment of these thresholds is included in the *SB 743 Implementation Decisions for the Town of Los Gatos* document.

Table 2 – Recommended VMT Thresholds of Significance

<b>Baseline Thresholds</b>	
A.1. Land Use Projects	Project Impact: A significant impact would occur if the total VMT per service population for the project would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.
	Project Effect: A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to baseline conditions.
A.2. Land Use Plans	Project Impact: A significant impact would occur if the total VMT per service population for the plan area would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.
<b>Cumulative Thresholds</b>	
B.1. Land Use Projects	Project Effect: A significant impact would occur if the project increases total (boundary) countywide VMT by 6.5% compared to cumulative no project conditions.
B.2. Land Use Plans	Project Effect: A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.
B.3. All land use and transportation projects	A significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area).

SUBJECT: Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

DATE: November 13, 2020

NEXT STEPS:

As discussed at the February 18 Town Council meeting, another consideration in setting Los Gatos specific thresholds is how to address cumulative VMT impacts and whether addressing them in the General Plan EIR is advantageous for streamlining the review of subsequent land use and transportation projects given CEQA relief available through CEQA Statute & Guidelines Section 15183. This Section relieves a project of additional environmental review if the project-specific environmental impacts were adequately addressed in the General Plan EIR and the project is consistent with the General Plan.

In completing the CEQA transition to VMT work, the project team will ensure alignment with the General Plan update and bring forward potential modifications to other Town transportation policies, including the vehicle Level of Service (LOS) policy.

The draft *Transportation Analysis Policy and Guidelines* was completed in July 2020. The General Plan update CEQA analysis and any modifications to other local transportation policies will guide the development of the final *Transportation Analysis Policy and Guidelines*.

COORDINATION:

This report was coordinated with the Community Development Department.

FISCAL IMPACT:

There is no fiscal impact as a result of this report.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Resolution Adopting Vehicle Miles Traveled Thresholds of Significance for Purposes of Analyzing Transportation Impacts Under the California Environmental Quality Act
2. Executive Summary of *SB 743 Implementation Decisions for the Town of Los Gatos*



**RESOLUTION 2020-**

**RESOLUTION OF THE TOWN COUNCIL  
OF THE TOWN OF LOS GATOS  
ADOPTING VEHICLE MILES TRAVELED THRESHOLDS OF SIGNIFICANCE FOR  
PURPOSES OF ANALYZING TRANSPORTATION IMPACTS UNDER THE CALIFORNIA  
ENVIRONMENTAL QUALITY ACT**

**WHEREAS**, Senate Bill (SB) 743, signed into law in 2013 by Governor Edmund G. Brown, directed the Governor’s Office of Planning and Research (OPR) to develop updated criteria for measuring transportation impacts under the California Environmental Quality Act (CEQA) using alternative metrics that promote a reduction in greenhouse gases, the development of multimodal transportation, and a diversity of land uses, all towards achieving the State’s climate action goals; and

**WHEREAS**, Section 15064.3 of the CEQA Guidelines, added as part of the 2018 update, identifies Vehicle Miles Traveled (VMT) as the most appropriate measure of transportation impacts under CEQA, and states that a project’s effect on automobile delay shall not constitute a significant environmental impact; and

**WHEREAS**, the Governor’s Office of Planning and Research (OPR) has recommended using Vehicle Miles Traveled (VMT) to analyze transportation impacts; and

**WHEREAS**, CEQA Guidelines Section 15064.7(b) allows lead agencies to adopt thresholds of significance for the lead agency’s general use in its environmental review process. Lead agencies are required to begin using the VMT metric by July 1, 2020; and

**WHEREAS**, the Town has analyzed and drafted appropriate VMT thresholds of significance, considering local conditions and guidance from OPR; and

**WHEREAS,** The Town Council and Planning Commission held a joint Study Session on October 8, 2019 on the topic as an introduction to the new requirements, concepts, and other provisions; and

**WHEREAS,** On February 18, 2020, the Town Council was presented with two threshold setting options and approved the option to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections; and

**WHEREAS,** in July 2020 the Town completed a document titled “SB 743 Implementation Decisions for the Town of Los Gatos” to provide background on the changes in the CEQA Transportation Analysis and technical information pertaining to decisions the Town Council will need to make; and

**WHEREAS,** the Town Council held a public hearing on November 17, 2020 to establish VMT thresholds for use in implementing CEQA pursuant to SB 743 and considered all evidence presented at said hearing;

**WHEREAS,** the Town Council finds and determines, based upon staff and consultant reports and research as well as testimony in the record, that the revised CEQA thresholds of significance are consistent with State requirements as to how transportation impacts should be evaluated for purposes of CEQA review of projects. The thresholds of significance are based upon the VMT metric that is specifically required in CEQA Guidelines Section 15064.3. Additionally, the Town is setting the new CEQA thresholds at a level and in a manner consistent with and based upon review of OPR guidance.

**NOW, THEREFORE, BE IT RESOLVED** does hereby RESOLVE as follows:

Based upon the foregoing, the Council hereby adopts the revised CEQA Thresholds of Significance for Transportation Impacts for land use projects and land use plans for the Town of Los Gatos, attached hereto as Exhibit A.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 17th day of November 2020 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: \_\_\_\_\_

EXHIBIT A  
**Town of Los Gatos**  
**California Environmental Quality Act (CEQA)**  
**Thresholds of Significance for Transportation Impacts**

Consistent with State CEQA Guidelines Section 15064.3, the Town of Los Gatos has adopted the following thresholds of significance to guide in determining when a land use project or a land use plan will have a significant transportation impact.

A. Baseline Thresholds

A.1. Land Use Projects

**Project Impact:** A significant impact would occur if the total VMT per service population for the project would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to baseline conditions.

A.2. Land Use Plans

**Project Impact:** A significant impact would occur if the total VMT per service population for the plan area would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.

B. Cumulative Thresholds

B.1. Land Use Projects

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.

B.2. Land Use Plans

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.

B.3. All land use and transportation projects

A significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area).

# SB 743 Implementation Decisions for the Town of Los Gatos

Prepared for:  
Town of Los Gatos

July 9, 2020

SJ19-1964

FEHR  PEERS

# Executive Summary

## **Senate Bill 743 (SB 743) fundamentally changed transportation impact analysis under the California Environmental Quality Act (CEQA).**

On September 27, 2013, Governor Jerry Brown signed SB 743 into law and started a process intended to fundamentally change transportation impact analysis under the CEQA. Specifically, the legislation directed the State of California's Office of Planning and Research (OPR), which oversees CEQA compliance, to consider different metrics for identifying transportation impacts and make corresponding revisions to the *CEQA Guidelines*. The goal of this legislation and the pursuant change in metrics was to reform transportation impact analysis such that it was more in line with other statewide goals pertaining to infill development, reduction of greenhouse gases (GHG), and promotion of public transit and active transportation.

As a result of changes to the *CEQA Guidelines* there are several changes in general transportation impact analysis metrics, methods, and thresholds. As a lead agency, the Town of Los Gatos will need to make several policy decisions to implement these changes. This document discusses the background of the changes, and provides detailed technical information pertaining to decisions the Town will need to make. The **Summary of Decisions, Options, and Recommendations**, presented as **Appendix A** and in the matrix at the end of this Executive Summary, provides an abbreviated overview of this documents' contents and corresponding action items and decision points.

At the end or within Chapters 3 through 6, the decision options, limitations and considerations are summarized, which matches the decisions matrix (**Appendix A**). Also included in these summaries are two draft threshold recommendations. These recommendations were presented to Town Council on February 18, 2020 as the following options:

- Option 1: Rely on the OPR *Technical Advisory* thresholds
- Option 2: Set thresholds consistent with the General Plan future year VMT projections

Since the Town Council hearing, Caltrans released has released its draft *Transportation Impact Study Guide* (February 28, 2020) endorsing the VMT thresholds published in the OPR *Technical Advisory*. Caltrans does acknowledge that each lead agency has the discretion to set its own significance thresholds, and they will be reviewing the evidence presented by any agency that uses a threshold that differs from those in the *Technical Advisory*.

To help explain the threshold options in more detail, each section of the document package includes a description of these thresholds.

## Background

### **VMT replaces vehicle delay as an indicator of environmental impacts.**

At its core, SB 743 removes the use of vehicle level of service (LOS) as an indicator of environmental impacts under CEQA. LOS is a traditional measure of vehicular delay, or the additional driving time encountered by drivers during congested time periods. Instead of measuring vehicle delay, OPR recommends considering a project's effect on total vehicle miles traveled (VMT).

VMT can briefly be described as the product of a project's vehicle trip generation and the average length of those trips. For instance, if a project generates 100 daily vehicle trips, each with an average length of five miles, that project generates 500 daily VMT.

VMT is related to many of the side effects created by vehicle travel. In gasoline or diesel powered vehicles, VMT is directly related to total GHG production and other tailpipe emissions. VMT also serves as an indicator of total regional congestion by measuring how much traffic a project is generating on a macroscopic scale.

However, VMT does not accurately predict changes such as increased delay at intersections near a project, or how traffic will affect roadways immediately surrounding a project, in the same way traditional traffic analysis would. It is more focused on how efficiently designed and located a land use project might be; whether the project is located near a wide variety of jobs, housing, or retail uses; and whether alternative modes of transportation are available.

### **As a lead agency, the Town must make several key policy decisions to comply with SB 743.**

Because reporting the VMT associated with a given project or plan requires a different method than traditional traffic analysis, the Town will need to set clear guidelines and expectations for how a VMT analysis should be conducted. With the *CEQA Guidelines* expectations for an environmental impact analysis in mind, this document discusses several questions, grouped by the specific decisions about VMT metrics, VMT calculation methods, VMT significance thresholds, and VMT mitigation actions.<sup>1</sup> We highlight options and limitations for each question from a technical transportation planning and engineering perspective with a particular emphasis on addressing the *CEQA Guidelines* expectations for an environmental impact analysis.

1. **VMT Metrics:** What form of VMT metrics could be used?
2. **VMT Calculation Methods:** What methods are available to use in estimating and forecasting VMT?
3. **VMT Impact Significance Thresholds:** Is the use of VMT impact screening desired? What is the VMT impact significance threshold for land use projects and land use plans under baseline conditions? What is the VMT impact significance threshold for land use projects

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<sup>1</sup> Typical CEQA practice focuses on environmental effects that occur on a typical weekday, so all references to VMT in this document are intended to mean VMT that occurs on a typical weekday.



under cumulative conditions? What is the VMT impact significant threshold for transportation projects under baseline conditions?

4. **VMT Mitigation Actions:** What VMT reduction mitigation strategies are feasible?

Each of these questions is discussed in greater detail in its own section of this document, along with a section discussing other aspects of the CEQA process that may be affected by these changes. Those sections are summarized below.

## VMT Metrics

### VMT can be measured and expressed in multiple ways.

The first decision facing the Town is which VMT *metric* to use to express a project’s transportation effects. VMT metrics fall into two general categories: absolute VMT and per capita VMT. Per capita VMT is also referred to as an efficiency metric, as it does not vary directly with project size. Based on our example above, if a project generates 100 daily trips at an average of five miles per trip, the *absolute* project generated VMT is 500 vehicle miles per day. If that project is a small office employing 25 people, the per capita VMT is 20 VMT per employee (a per capita or VMT efficiency metric).

**Table ES-1** summarizes the common VMT metrics available to the Town.

Table ES-1: Summary of Common VMT Metrics			
VMT Metric <sup>1</sup>	Definition	Recommended by OPR <sup>2</sup>	VMT used for other CEQA Sections?
<b>Total Project Generated VMT</b>	Daily VMT of all vehicle trips, vehicle types, and trip purposes for all project land uses, presented as a total project generated VMT.	Yes, for land use plans, and discussed in Appendix 1 of the OPR <i>Technical Advisory</i> .	Yes
<b>Total Project Generated VMT per Service Population<sup>3,4</sup> (aka Total Project Generated VMT Rate)</b>	Daily VMT of all vehicle trips, vehicle types, and trip purposes for all project land uses, divided by the sum of residents plus employees.	No, although may be helpful for mixed-use projects and comparing land use scenarios, particularly when using a travel forecasting model.	Yes
<b>Partial Home-Based VMT per Resident<sup>5</sup> (aka Home-Based VMT Rate)</b>	VMT generated by light-duty vehicles for all trips that begin or end at a residential land use, divided by residents.	Yes, for residential projects on page 5 and Appendix 1 of OPR <i>Technical Advisory</i> .	No



**Table ES-1: Summary of Common VMT Metrics**

VMT Metric <sup>1</sup>	Definition	Recommended by OPR <sup>2</sup>	VMT used for other CEQA Sections?
<b>Partial Home-Based Work VMT per Employee<sup>5</sup> (aka Home-Based Work VMT Rate)</b>	VMT by light-duty vehicles only for work trips (that is, trips that have one end at a workplace and one end at a residence), divided by number of employees.	Yes, for office projects on page 6 and Appendix 1 of OPR <i>Technical Advisory</i> .	No
<b>Project's Effect on VMT within the Boundary of a Specific Area (aka Boundary VMT)</b>	VMT that occurs within a selected geographic boundary (e.g., Town/City, County, or region) by any type of vehicle. This captures all on-road vehicle travel on a roadway network for any purpose and includes local trips as well as trips that pass through the area without stopping.	Yes, for retail projects and transportation projects on pages 5, 6 and 23 and Appendix 1 of the OPR <i>Technical Advisory</i> .	Yes

1. Each VMT metric is an option for baseline and/or cumulative impact analysis.
2. With the exception of Total Project Generated VMT per Service Population, each VMT metric listed in this table are described in the OPR *Technical Advisory on Evaluating Transportation Impacts in CEQA* (December 2018). See pages 5, 6 and 23, and Appendix 1 of the OPR *Technical Advisory*.
3. Total project generated VMT is derived from this VMT rate.
4. The project generated VMT accounting is similar to an origin-destination accounting used for many Climate Action Plans.
5. A partial VMT estimate.

Source: Fehr & Peers, 2020.

### Total VMT and Partial VMT

Total VMT metrics include all types of VMT captured by a travel forecasting model, regardless of the type of vehicle or the trip's purpose. In practice, this means the metric includes visitor trips, medium-duty and heavy-duty vehicles, public transit buses, and other types of vehicle miles that might not be captured in the most common partial VMT metrics. Partial VMT refers to the use of only particular trip purposes and/or vehicle types for assessing a project's impacts. The efficiency metrics recommended by OPR for use in analyzing office and residential projects are partial VMT metrics, because they include only light-duty passenger vehicles and only trips for a specific purpose or made by a specific population.

The benefit of partial VMT metrics is that they allow for sketch-level analysis using findings from a prior model run, they are easier to understand and visualize, and for single land uses that are similar to existing development patterns they are likely reflective of the same impact patterns as would be present with analysis of total VMT. Understanding where built environment conditions lead to VMT-efficient residential and workplace activity is substantial evidence that could help support conclusions that adding similar land uses to those areas would create similar outcomes. For projects that may be subject to further scrutiny, only reporting a portion of VMT from select trip purposes and limiting the VMT to light-duty vehicles could be considered an incomplete analysis of VMT.



## Project Generated VMT and Project's Effect on VMT

VMT metrics also differentiate between project generated VMT and a project's effect on VMT. Project generated VMT is similar to current transportation impact analysis practice of using daily trip generation: to estimate the daily project generated VMT, the daily trips are multiplied by the distance traveled by each daily vehicle trip. The project's effect on VMT instead evaluates the change in total on-road travel within a geographic area boundary before and after the project is built (referred to as boundary VMT in this document). An often-cited example of how a project can affect VMT is the addition of a grocery store in a food desert. Residents of a neighborhood without a grocery store have to travel a great distance to an existing grocery store. Adding the grocery store to that neighborhood will shorten many of the grocery shopping trips and reduce the VMT to/from the neighborhood. While the new store itself will "generate" many daily trips, in that there will be many cars coming in and out of the store's driveway, it will generally attract those trips *away* from other grocery stores located farther away. If the boundary VMT in the area served by all the local grocery stores were to be assessed, it is likely that the total amount of driving in that area will have decreased rather than increased.

## Key Take-Aways

In deciding what form of VMT metric to use, the Town should consider the following options:

1. Total Project Generated VMT
2. Total Project Generated VMT per Service Population<sup>2</sup>
3. Household generated VMT per Resident (requires an activity/tour-based travel forecasting model)
4. Home-Based VMT per Resident (a partial VMT estimate)
5. Home-Based Work VMT per Employee (a partial VMT estimate)
6. Project's Effect on VMT within the Boundary of a Specific Area (Boundary VMT)

Metrics such as Home-Based VMT per Resident and Home-Based Work VMT per Employee represent partial VMT (i.e., some vehicle types and trip purposes are excluded from the calculation). This may be acceptable for screening purposes but not for a complete VMT impact analysis. When selecting VMT metric(s), it is useful to keep in mind that the expectations of CEQA is to disclose the potential effects of a project on the environment and the practical consideration of using the same (or different) VMT metrics for the various topic sections of an environmental analysis – transportation, air quality, GHG and energy consumption.

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<sup>2</sup> Service population includes residential population plus employment and may include students or visitors; it is intended to include all independent variables used in estimating trips.

## VMT Calculation Methods

### VMT can be calculated using several methods.

The most common method of calculating the VMT metrics listed in **Table ES-1** is through a travel forecasting model. A travel forecasting model uses a specialized software and are designed to reflect the interactions between different land use and roadway elements in a large area. The two travel models most commonly used to assess projects in Los Gatos are the Santa Clara Valley Transportation Authority (VTA)-City/County Association of Governments of San Mateo County (C/CAG) Bi-County Model ("VTA Travel Model"), and Travel Model One ("MTC Travel Model") which is maintained by the Metropolitan Transportation Commission (MTC) and used for large-scale regional planning efforts. There is also a statewide model developed by Caltrans, though the level of analysis is at such a large scale that it is typically used to evaluate interregional travel and freight movements rather than localized land use changes.

In some cases where a travel model is not available or not appropriate, VMT can be estimated using sketch models or spreadsheet tools. VMT can also be estimated directly by multiplying the number of trips by an average trip length. Trips can be estimated using the results of local trip generation surveys or published trip generation rate data.

### Key Take-Aways

Practically speaking, the use of a travel model is preferable for projects large enough to be accurately represented in that model. In areas under the Town's jurisdiction, use of the VTA Travel Model is most appropriate for this analysis. **Appendix B** summarizes the activity-based (also called tour-based) MTC Travel Model, and the trip-based VTA Travel Model, including their analytical strengths and weaknesses.

Some limitations of these methods include the following:

- Statewide and regional models have limited sensitivity and accuracy for local scale applications off the shelf.
- Regional and local models often truncate trips at model boundaries.
- Sketch and spreadsheet tools do not capture the "project effect on VMT."

For smaller projects, use of a non-model accounting method may be more appropriate due to their scale and ease of use. The Town may wish to set guidance as to which types of projects will generally be required to perform VMT analysis using a travel forecasting model, and which can be performed using non-model "Accounting Methods" (if any). One potential planning tool that may be appropriate for most small- to medium-sized projects in the forthcoming Santa Clara Countywide VMT Estimation Tool under development by the VTA.



## VMT Impact Significance Thresholds

### **The Town has discretion to decide what constitutes a significant impact to the environment.**

SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving. The Town has discretion to set its significance threshold for VMT impacts, provided that the basis for that threshold is grounded in substantial evidence. With regard to establishing thresholds for VMT, lead agencies have at least four options:

1. **Use Screening Criteria.** The concept of project screening is that some projects have characteristics that readily lead to the conclusion that they would not cause a VMT impact, and therefore could be screened out of doing a detailed VMT analysis. Some types of screening criteria include transit proximity, low-VMT area, local-serving retail, transportation projects that do not add capacity, and projects with no net VMT increase.
2. **Rely on the OPR Technical Advisory suggestion to set thresholds consistent with state goals for air quality, GHG and energy conservation.** The OPR *Technical Advisory* contains suggested VMT thresholds. The basic suggested threshold is that each project achieves a VMT level that is at least 15% below baseline conditions. In the case of the Town of Los Gatos, its "region" would most likely be the nine-county Bay Area.
3. **Use a threshold adopted or recommended by another public agency consistent with lead agency air quality, GHG reduction, and energy conservation goals.** The *CEQA Guidelines* offer the option for an agency to use a threshold that is adopted or recommended by another agency, as long as that decision is supported by substantial evidence.

Other state agencies, such as Caltrans and the California Air Resources Board (CARB), have technical expertise that is relevant to this topic.

Recent CARB publications have identified that new land use projects could contribute to these statewide goals by achieving total project generated VMT levels of at least 14.3% below the existing baseline (the CARB report does not specify whether this "baseline" is the regional average or some other baseline). For light-duty vehicles only, CARB cites a 16.8% reduction below baseline (2018) average VMT. However, the CARB analysis assumes that all of the regions in the state will meet the GHG reduction targets set in their Regional Transportation Plans and Sustainable Communities Strategies (RTP/SCS); thus far, indications are that not all regions are meeting those targets, and vehicular travel in California (at least prior to the COVID-19 pandemic) has been increasing rather than decreasing over the past several years. Further, the CARB analysis does not account for any future increases in the use of Transportation Network Companies (such as Uber and Lyft) or commercial delivery services, nor does it envision the potential for development of autonomous vehicles or any other emerging transportation innovations. Therefore, there is growing evidence that the VMT

reduction values from the CARB publication may not be enough to actually meet the State's GHG goals. Should current VMT generation trends persist, the threshold may need to increase to 25% below baseline (2018) average of jurisdiction (all vehicles).

Caltrans has released draft guidance endorsing the VMT thresholds published in the OPR *Technical Advisory*. Caltrans does acknowledge that each lead agency has the discretion to set its own significance thresholds, and they will be reviewing the evidence presented by any agency that uses a threshold that differs from those in the *Technical Advisory*.

Separately, Caltrans has released draft Interim Guidance on "*Determining CEQA Significance for GHG Emissions for Projects on the State Highway System*" that recommends that any increase in GHG emissions would constitute a significant impact. This has been referred to as the "Net Zero VMT threshold". While Caltrans has thus far signaled that this threshold would be applied only to transportation projects, it does raise a question about whether a "net zero VMT" threshold should also be applied to land use projects and plans.

4. **Develop jurisdiction-specific VMT thresholds consistent with the existing General Plan.**

Agencies may decide to set their own thresholds, which should be supported by substantial evidence and should support the three objectives laid out in SB 743: 1) reducing GHG emissions, 2) encouraging infill development, and 3) promoting active transportation. The process of setting thresholds should consider the policies and standards set in the Regional Transportation Plan (RTP)/ Sustainable Communities Strategies (SCS), and should consider how much priority the Town wants to place on the statewide GHG reduction goals. A targeted study could determine what level of VMT in Los Gatos would be consistent with the VMT forecasts presented in Plan Bay Area and would represent the Town's "fair share" of the State's GHG reduction goals (as proposed in Town of Los Gatos' SB 743 Implementation Option 2 to set thresholds consistent with the General Plan future year VMT projections). Another option for setting a local threshold is to consider what level of VMT reduction is feasible to achieve in the local context. Setting a threshold based on the feasibility of mitigation may not be fully supported by past CEQA practices; Fehr & Peers advises consulting legal counsel and continuing to follow legal developments before adopting this approach.

## Key Take-Aways

While it is difficult for a lead agency to determine what level of VMT change is unacceptable when viewed solely through a transportation lens, there are several possible options depending if the Town chooses to set a threshold based on local or state policies. Options include:

1. Set thresholds based on state goals
  - a. Rely on the OPR Technical Advisory suggestion to set thresholds consistent with state goals for air quality, GHG and energy conservation.
    - i. OPR 15% below baseline average of a town/city or region (light-duty vehicles only)



- b. Use a threshold adopted or recommended by another public agency consistent with lead agency air quality, GHG reduction, and energy conservation goals.
  - i. CARB 14.3% below baseline (2018) average of jurisdiction (all vehicles, presuming that MPOs meet SB 375 targets)
  - ii. CARB 16.8% below baseline (2018) average of jurisdiction (light-duty vehicles only, presuming that MPOs meet SB 375 targets)
  - iii. CARB: 25% below baseline (2018) average of jurisdiction (all vehicles, presuming that MPOs do not meet SB 375 targets).
  - iv. Net zero VMT (pending Caltrans-recommended threshold)
2. Set jurisdiction-specific threshold consistent with existing General Plan
  - a. Set jurisdiction specific VMT threshold based on substantial evidence
  - b. Set thresholds based on baseline VMT performance and based on substantial evidence

## VMT Mitigation Actions

### The nature of transportation impact mitigation under CEQA will likely change.

Mitigating a LOS impact typically involves making changes to the physical transportation system in order to accommodate additional vehicles and reduce delays. These mitigations may involve actions such as installing traffic signals, adding turn lanes, widening roads, or contributing to the construction of HOV/Express Lanes, among other options. The identification of necessary mitigations resulting from project impacts has historically led to project sponsors identifying and funding these changes to the transportation system (i.e., paying a “fair share” contribution toward funding a new traffic signal or widening an existing roadway).

The use of VMT as a metric focuses on the total *amount* of driving, rather than the driving *experience*. Four possible mitigation approaches are described in the following sections:

- VMT Cap
- VMT Based Impact Fee Program
- VMT Mitigation Bank
- VMT Mitigation Exchange

A VMT Cap can be developed and administered on a project-by-project basis, while the remaining three options (VMT Based Impact Fee Program, VMT Mitigation Bank, and VMT Mitigation Exchange) are program approaches to impact mitigation. The concept of a ‘program’ approach to impact mitigation is commonly used in a variety of technical subjects including transportation, air quality, GHG, and habitat. Transportation impact fee programs have been used to help mitigate cumulative vehicle level of service (LOS) impacts. What is new is developing a fee program based on VMT impacts and alternative programs – VMT Mitigation Bank and VMT Mitigation Exchange. Absent these new program-level mitigation

approaches, rural and suburban lead agencies will have limited feasible mitigation options for project sites.

## Use of Vehicle Level of Service for Non-CEQA Analysis

### **The Town has options to continue studying a project's effects on vehicle delay.**

Communities place a high value on the information about traffic and transportation presented during a project's review process. Historically, much of the transportation analysis associated with new development or proposed land use plans has occurred under the umbrella of CEQA. However, with this new process, many of these guidelines and analyses will instead occur during development review as part of the Town's overall entitlements and project review process.

The Town may decide to maintain a level of service standard in its General Plan or Transportation Element and may continue to administer programs to collect impact fees that can be used for roadway improvements. However, these will no longer be subject to CEQA-level review and litigation. Instead, this analysis and any related agreements would need to be performed and presented during entitlements or development review. Any fees assessed to help ease the effects of a given project would be required to conform to state requirements for impact fees and present an appropriate study that identifies nexus between the impact and the fee assessed.

## Other Core CEQA Tenets Remain Unchanged

While this document focuses on the adoption of VMT as a metric for assessing transportation impacts, many other facets of CEQA practice remain unchanged. Transportation impact sections must still discuss other impact categories such as hazards, effects on pedestrians and cyclists, and site circulation concerns. In addition, the Town will continue to have the opportunity to comment on EIRs prepared for consideration by other lead agencies if those EIRs may affect areas in the Town's jurisdiction.

One particular consistency to note is that the option to "tier" CEQA analysis will remain. The tiering process consists of streamlining topics studied for a project if that project was assessed under a previous EIR. A classic example of this is the development of a single parcel that is consistent with a previously analyzed Specific Plan. The project need only analyze those items which were not previously analyzed. This practice will also apply to VMT analysis, provided the EIR from which the project tiers also studied VMT. In the near term, this may result in tiered projects requiring supplemental VMT analysis; however, in the future, projects that are consistent with a cleared General Plan or Specific Plan may not be required to undergo the full VMT analysis process.

## Taking the Next Steps

The immediate next steps for the Town as a lead agency are to provide staff and applicants with guidance pertaining to each of the questions posed above. Fehr & Peers has presented an initial assessment of the Town's options, and has discussed each in greater detail in the body of this document; however, the



decision on how to answer each implementation question must ultimately be made by the Town. The **Summary of Decisions, Options, and Recommendations**, presented as **Appendix A** and in the matrix beginning on the next page, provides an abbreviated overview of this document's contents and corresponding action items and decision points.

It is very important to understand that the implementation of SB 743 is just beginning across the state for many lead agencies. Current CEQA practices have developed over several decades as a result of a large body of case law and periodic updates to the *CEQA Guidelines*. Because SB 743 implementation is brand new, there is not yet any case law to guide our understanding or interpretation. The following represents our current understanding of the issues and options involved, informed by our research into SB 743 and knowledge of past CEQA practice; this understanding will evolve over time as more agencies apply SB 743 concepts to their own CEQA procedures. It is recommended that legal counsel be consulted as part of this SB 743 implementation process.



## Summary of SB 743 Decisions, Options, and Recommendations

Lead Agency Decisions	Common Options	Common Limitations	Considerations	Town of Los Gatos Initial Recommendations
<p><b>What form of VMT metrics could be used?</b></p>	<p><b>Common Options</b></p> <ol style="list-style-type: none"> <li>Total Project Generated VMT</li> <li>Total Project Generated VMT per Service Population<sup>3</sup></li> <li>Household generated VMT per Resident (requires an activity/tour-based travel forecasting model)</li> <li>Home-Based VMT per Resident (a partial VMT estimate)</li> <li>Home-Based Work VMT per Employee (a partial VMT estimate)</li> <li>Project's Effect on VMT using Boundary VMT for a specific area</li> </ol>	<p><b>Common Limitations</b></p> <p>Metrics other than total project generated VMT and total project generated VMT per service population typically only represent partial VMT (i.e., some vehicle types and trip purposes are excluded in the models used to estimate VMT). The use of partial VMT may be beneficial for baseline screening of smaller projects, but for larger and more complex projects total VMT may be needed for a complete VMT impact analysis. Project-generated VMT metrics cannot capture how a project changes behavior of non-project residents or employees.</p>	<p><b>Considerations</b></p> <p>Total VMT metrics include all types of VMT (i.e., visitor trips, medium-duty and heavy-duty vehicles, public transit buses, and other types of vehicle miles that might not be captured in the most common partial VMT metrics) captured by a travel forecasting model, regardless of the type of vehicle or the trip's purpose. Partial VMT refers to the use of only particular trip purposes and/or vehicle types for assessing a project's impacts. The expectations of a CEQA impact analysis to strive to provide a complete picture of the effects of a project on the environment are highlighted within the CEQA Guidelines. For lead agencies, VMT metrics and method should consider current practice for air quality, greenhouse gases (GHG), and energy consumption impact analysis. In general, VMT is used as an input for these other analyses and current practice is to produce VMT estimates and forecasts that comply with CEQA Guidelines expectations.</p>	<p><b>Town of Los Gatos Initial Recommendations</b></p> <p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Include the following so that all forms of VMT needed for project screening and complete VMT analysis are available:</p> <ul style="list-style-type: none"> <li>Total Project Generated VMT</li> <li>Total Project Generated VMT per Service Population</li> <li>Home-Based VMT per Resident</li> <li>Home-Based Work VMT per Employee</li> <li>Boundary VMT for an appropriate area affected by the Project (needed for air quality, GHG, and energy analysis)</li> </ul> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Include the following so that forms of VMT needed for a complete VMT analysis are available:</p> <ul style="list-style-type: none"> <li>Total Project Generated VMT</li> <li>Total Project Generated VMT per Service Population</li> <li>Boundary VMT for an appropriate area affected by the Project (needed for air quality, GHG, and energy analysis)</li> </ul>
<p><b>What methods are available to use in estimating and forecasting VMT?</b></p>	<ol style="list-style-type: none"> <li>Caltrans Statewide Travel Demand Model</li> <li>Metropolitan Transportation Commission (MTC) Regional Travel Forecasting Model</li> <li>VTA-C/CAG Bi-County Travel Forecasting Model</li> <li>Local Town of Los Gatos Travel Forecasting Model (not currently available)</li> <li>Non-model "Accounting Methods" such as sketch planning tool or spreadsheet<sup>4</sup></li> </ol>	<p>Statewide and regional models have limited sensitivity and accuracy for local scale applications off the shelf. Regional and local models often truncate trips at model boundaries. Sketch and spreadsheet tools do not capture the 'project effect on VMT'.</p>	<p>Selection of an appropriate travel forecasting approach is an important step because the tool used to develop VMT thresholds must also be used to evaluate a project's direct and cumulative VMT impacts. Regional or local models should be calibrated and validated for local project-scale sensitivity/accuracy (including appending trip length data for trips with external trip ends) before using these models to analyze both 'project generated VMT' and 'project effect on VMT'.</p>	<p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Use the Santa Clara Countywide VMT Evaluation Tool for baseline VMT screening. And most likely the VTA-C/CAG Bi-County Travel Forecasting Model, Local Town of Los Gatos Travel Forecasting Model (not currently available), or Non-model "Accounting Methods" such as sketch planning tool or spreadsheet.</p> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Most likely the VTA-C/CAG Bi-County Travel Forecasting Model, Local Town of Los Gatos Travel Forecasting Model (not currently available), or Non-model "Accounting Methods" such as sketch planning tool or spreadsheet.</p>

<sup>3</sup> Service population includes population plus employment and may include students or visitors; it is intended to include all independent variables used in estimating trips.  
<sup>4</sup> Sketch planning tool or spreadsheet method has limitations if using a townwide/citywide or regional average for a threshold.

## Summary of SB 743 Decisions, Options, and Recommendations

Lead Agency Decisions	Common Options	Common Limitations	Considerations	Town of Los Gatos Initial Recommendations
<p><b>Is use of VMT impact screening desired?</b><sup>5</sup></p>	<p>Projects that reduce VMT or are located within transit priority areas (TPAs) should be presumed to have a less than significant impact on VMT. Additional screening options identified in the OPR <i>Technical Advisory</i> for:</p> <ol style="list-style-type: none"> <li>1. Map based screening for residential and office projects</li> <li>2. Local-Serving Retail Projects</li> <li>3. Transportation projects that do not add vehicle capacity</li> <li>4. Projects that would not result in a net increase of VMT</li> <li>5. Affordable housing projects</li> <li>6. Small projects</li> </ol>	<p>Screening does not provide information about the actual VMT changes associated with the project.</p>	<p>Screening most appropriate if consistent with applicable general plan and supported by substantial evidence.</p>	<p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Rely on screening if consistent with applicable general plan and supported by substantial evidence demonstrating cumulative VMT is declining. For project-by-project VMT analysis with VMT screening, most projects will likely not screen out, which will require a more complete VMT analysis.</p> <p>Apply screening for the following project types:</p> <ul style="list-style-type: none"> <li>• Small Developments</li> <li>• Projects in Low-VMT Areas</li> <li>• Projects in Proximity to Major Transit Stops</li> <li>• Affordable Housing</li> <li>• Local-Serving Retail Projects less than 10,000 square feet</li> <li>• Transportation Projects that do not add vehicle capacity</li> </ul> <p>The Santa Clara Countywide VMT Estimation Tool will be applied for screening as follows:</p> <ul style="list-style-type: none"> <li>• Low VMT generation map-based screening of residential, office, and industrial land uses, those land uses in combination with each other, and those land uses with or without local serving retail space.</li> <li>• A transit priority areas (TPAs)/major transit stops and high-quality transit corridor (HQTC) screen.</li> </ul> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Screening not used for this approach. Rather than analyzing VMT for each proposed land use project individually, projects consistent with the General Plan could be exempt from further VMT impact analysis since VMT impacts would have been analyzed in the General Plan EIR.</p>
<p><b>What is the VMT impact significance threshold for land use projects under baseline conditions?</b></p>	<ol style="list-style-type: none"> <li>1. Lead agency discretion consistent with general plan and expectations for 'project scale' VMT reductions not accounted for in general plan EIR and supported by substantial evidence.</li> <li>2. OPR 15% below baseline average a town/city or region (light-duty vehicles only)<sup>6</sup></li> <li>3. CARB 14.3% below baseline (2018) average of jurisdiction (all vehicles)</li> </ol>	<p>Difficult for lead agencies to determine what level of VMT change is unacceptable when viewed solely through a transportation lens. Uncertainty of VMT trends contributes to difficulty in setting thresholds. Connecting a VMT reduction expectation to baseline helps to reduce uncertainty associated with future conditions.</p>	<p>Since VMT is already used in air quality, GHG, and energy impact analysis, lead agencies should review thresholds for those sections to help inform new thresholds exclusively for transportation purposes. Lead agencies should carefully consider how they value state goals for VMT/GHG reduction in light of other general plan and community objectives. Translating state goals into VMT thresholds should consider substantial evidence such as <i>California Air Resources Board 2017 Scoping Plan - Identified VMT Reductions and Relationships to State Climate Goals</i>, January 2019, CARB.</p>	<p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Specific VMT thresholds for residential, office (work-related), and retail land uses from the OPR Technical Advisory are summarized below.</p> <ul style="list-style-type: none"> <li>• Residential projects: A proposed project exceeding a level of 15 percent below existing (baseline) VMT per capita may indicate a significant transportation impact. Existing VMT per capita may be measured as regional VMT per capita, a townwide VMT per capita, or as geographic sub-area VMT per capita.</li> <li>• Office projects: A proposed project exceeding a level of 15 percent below existing (baseline) regional VMT per employee may indicate a significant transportation impact.</li> </ul>

<sup>5</sup> CEQA Guidelines Section 15064.3 states that projects that would reduce VMT or are located in a TPA should be presumed to have a less than significant impact on VMT. The OPR *Technical Advisory* contains other potential screening options.

<sup>6</sup> The OPR and CARB thresholds do not consider the long-term influence of TNCs, internet shopping, new mobility options, or autonomous vehicles.

## Summary of SB 743 Decisions, Options, and Recommendations

Lead Agency Decisions	Common Options	Common Limitations	Considerations	Town of Los Gatos Initial Recommendations
	<ol style="list-style-type: none"> <li>4. CARB 16.8% below baseline (2018) average of jurisdiction (light-duty vehicles only)</li> <li>5. Pending Caltrans-recommended threshold (net zero VMT)<sup>7</sup></li> </ol>		<p>Absent development of a specific VMT threshold, lead agencies may rely on those of other state agencies. The CARB thresholds are supported by substantial evidence related to state air quality and GHG goals, but do not consider recent VMT trends or the potential influence of emerging mobility options such as autonomous vehicles (AVs).</p>	<p><b>Town of Los Gatos Initial Recommendations</b></p> <ul style="list-style-type: none"> <li>• <b>Retail projects:</b> A net increase in total (boundary) VMT may indicate a significant transportation impact.</li> <li>• <b>Mixed-use projects:</b> Lead agencies can evaluate each component of a mixed-use project independently and apply the significance threshold for each project type included (e.g., residential and retail). Alternatively, a lead agency may consider only the project's dominant use. In the analysis of each use, a project should take credit for internal capture.</li> <li>• <b>Other non-residential project types:</b> OPR recommends using the quantified thresholds above, thus a proposed project exceeding a level of 15 percent below existing regional VMT per employee for the proposed non-residential project type or resulting in a net increase in total VMT may be considered significant. Lead agencies, using more location-specific information, may develop their own more specific thresholds, which may include other land use types.</li> <li>• <b>Redevelopment projects:</b> Where a project replaces existing VMT-generating land uses, the OPR <i>Technical Advisory</i> recommends that if the replacement leads to a net overall decrease in VMT, the project would lead to a less-than-significant transportation impact. If the project leads to a net overall increase in VMT, then the thresholds described above should apply.</li> </ul> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b></p> <p>Set baseline VMT threshold based on long-term General Plan expectations for air quality and GHG emissions. The analysis to determine these thresholds would be completed if the Town Council selects this option. Example baseline thresholds are as follows.</p> <ul style="list-style-type: none"> <li>• <b>Land Use Projects:</b> <ul style="list-style-type: none"> <li>• <b>Project Impact:</b> A significant impact would occur if the VMT rate for the project would exceed a level of X% below the applicable baseline VMT rate.</li> <li>• <b>Project Effect:</b> A significant impact would occur if the project increases total (boundary) regional VMT compared to baseline conditions.</li> </ul> </li> <li>• <b>Land Use Plans:</b> <ul style="list-style-type: none"> <li>• <b>Project Impact:</b> A significant impact would occur if the VMT rate for the plan area would exceed a level of X% below the applicable baseline VMT rate.</li> </ul> </li> </ul>

<sup>7</sup> Caltrans has released draft Interim Guidance on "Determining CEQA Significance for GHG Emissions for Projects on the State Highway System" that recommends that any increase in GHG emissions would constitute a significant impact. This has been referred to as the "Net Zero VMT threshold". Caltrans has thus far signaled that this threshold would be applied only to transportation projects.



## Summary of SB 743 Decisions, Options, and Recommendations

Lead Agency Decisions	Common Options	Common Limitations	Considerations	Town of Los Gatos Initial Recommendations
<p><b>What is the VMT impact significance threshold for land use projects under cumulative conditions?</b></p>	<p>1. Use a regional model to analyze the project's effect on VMT based on RTP/SCS consistency (projects should not increase the total regional VMT (either project generated or boundary VMT) forecast used to support the RTP/SCS air quality conformity and SB 375 GHG targets).</p> <p>2. A lead agency can use the project analysis above if based on an efficiency metric form of VMT and evidence exists to demonstrate that cumulative trends in VMT rates are declining.</p> <p>3. Establish a VMT reduction threshold for cumulative conditions consistent with long-term air pollution and GHG reduction expectations.</p>	<p>Uncertainty of VMT trends makes a cumulative impact finding less certain. Ability for a lead agency to identify the project's effect on land supply and corresponding VMT. Land use projects change land supply and the allocation of future population and employment growth. As such cumulative analysis should maintain the same control totals of regional population and employment growth. Requires knowledge of the forecasting tools available to test the project's effect on land supply and VMT.</p>	<p>Analyze the project's effect on land supply and VMT using an appropriate valid model. For impact findings, consider all available substantial evidence including <i>2018 Progress Report, California's Sustainable Communities and Climate Protection Act</i>, November 2018, CARB and current research on the long-term effects of transportation network companies (TNCs), new mobility options, and autonomous vehicles (AVs). Specific research examples include Fehr &amp; Peers AV effect model testing.</p>	<p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> OPR does not present cumulative thresholds. Analyze the project's effect on land supply and VMT using an appropriately valid travel model. For impact findings, consider all available substantial evidence including <i>California Air Resources Board 2017 Scoping Plan Identified VMT Reductions and Relationships to State Climate Goals</i>, January 2019, and current research on the long-term effects of transportation network companies (TNCs), new mobility options, and autonomous vehicles (AVs). The following are suggested cumulative thresholds.</p> <ul style="list-style-type: none"> <li>Land Use Projects:                     <ul style="list-style-type: none"> <li>Project Effect: A significant impact would occur if the project increases total regional VMT compared to cumulative no project conditions.</li> </ul> </li> <li>Land Use Plans:                     <ul style="list-style-type: none"> <li>Project Effect: A significant impact would occur if growth in the plan area increases total VMT in the study area compared to cumulative no project conditions.</li> </ul> </li> <li>Transportation Projects: A significant impact would occur if the project causes a net increase in total regional VMT compared to cumulative no project conditions.</li> </ul> <p>All land use and transportation projects: A significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area).</p> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Use the same cumulative thresholds as Option 1.</p>
<p><b>What is the VMT impact significant threshold for transportation projects under baseline conditions?</b></p>	<p>Lead agencies have discretion to choose their own metrics and thresholds for transportation project impact analysis. If VMT is selected, OPR recommends treating projects that reduce, or have no impact on, VMT to be presumed to have a less than significant impact.</p>	<p>Continued use of LOS is uncertain because of CEQA Guidelines Section 15064.3(b)(2) and 15064.7(d)(2). Transit, especially on-demand transit service, can generate new VMT, which should be considered as part of impact conclusions.</p>	<p>Consult CEQA legal advice about whether lead agency discretion allows continued use of LOS and whether VMT is required. VMT is required as an input to air quality, GHG, and energy impact analysis and should include induced vehicle travel effects.</p>	<p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Baseline Transportation Threshold: A significant impact would occur if a project causes a net increase in total regional VMT compared to baseline conditions or opening year no project conditions.</p> <ul style="list-style-type: none"> <li>Cumulative Transportation Threshold: A significant impact would occur if the project causes a net increase in total regional VMT compared to cumulative no project conditions.</li> </ul> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Use the same cumulative thresholds as Option 1.</p>

## Summary of SB 743 Decisions, Options, and Recommendations

<p><b>Lead Agency Decisions</b></p> <p><b>What VMT reduction mitigation strategies are feasible?</b></p>	<p><b>Common Options</b></p> <p>Menu of built environment and transportation demand management (TDM) mitigation strategies contained in Quantifying Greenhouse Gas Mitigation Strategies, CAPCOA, 2010.</p>	<p><b>Common Limitations</b></p> <p>Built environment strategies require modifying the project, which may create inconsistencies with the project description and financial feasibility. TDM strategies are often building tenant dependent so their use requires ongoing monitoring and adjusting to account for changes in build tenants and their travel behavior. Ad-hoc project-by-project mitigation is less effective for reducing VMT than larger scale program-based approaches such as an impact fee program.</p>	<p><b>Considerations</b></p> <p>Develop a VMT mitigation program using any of the following approaches.</p> <ol style="list-style-type: none"> <li>1. Impact fee program based on a VMT reduction nexus.</li> <li>2. In-lieu fee program for VMT reducing actions.</li> <li>3. VMT mitigation bank or exchange program.</li> <li>4. TDM ordinance applying to all employers.</li> </ol>	<p><b>Town of Los Gatos Initial Recommendations</b></p> <p><b>Option 1: Rely on the OPR Technical Advisory Thresholds</b> Lead agencies have the discretion to select mitigation measures and alternatives to reduce VMT. Ad-hoc project-by-project mitigation is less effective for reducing VMT than larger scale program-based approaches such as an impact fee program.</p> <p><b>Option 2: Set Thresholds Consistent with the General Plan Future Year VMT Projections</b> Lead agencies have the discretion to select mitigation measures and alternatives to reduce VMT. Ad-hoc project-by-project mitigation is less effective for reducing VMT than larger scale program-based approaches such as an impact fee program.</p>
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**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 7

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DATE: November 12, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Provide Direction for the Land Use and Community Design Elements of the General Plan.

**RECOMMENDATION:**

Provide direction for the Land Use and Community Design Elements of the General Plan.

**BACKGROUND:**

The Town of Los Gatos is in the process of updating its long range, comprehensive General Plan that looks forward to the year 2040. The Town Council appointed a General Plan Update Advisory Committee (GPAC) consisting of two Council Members, three Planning Commissioners, members of the General Plan Committee, and other residents. The GPAC is an advisory body to the Planning Commission and Town Council. All GPAC agendas, minutes, staff reports and associated materials are available online: [www.losgatosca.gov/13/Agendas-Minutes](http://www.losgatosca.gov/13/Agendas-Minutes)

Key milestones are brought to the Town Council for consideration, direction, and approval. The last milestone was the Council's selection of the Preferred Land Use Alternative Framework (Attachment 1) on April 7, 2020.

The GPAC is currently in the process of reviewing the initial drafts of the Land Use and Community Design Elements (available in the November 5, 2020 GPAC agenda packet: <https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/11052020-1759>). These Elements contain most of the goals, policies, and implementation measures that directly implement the Preferred Land Use Alternative Framework.

**PREPARED BY:** Jennifer Armer, AICP  
Senior Planner

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

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BACKGROUND (continued):

At its meeting on November 5, 2020, the GPAC expressed that the Land Use Element did not demonstrate the full vision of the selected Alternative. Among other items, individual GPAC members requested (i.e., no votes were taken on these items):

- Clear depiction of how the Land Use Diagram translated the Preferred Land Use Alternative Framework through the appropriate distribution of the Land Use designations;
- Explanation of how the Missing Middle housing would be facilitated with the new density range for the Low Density Residential designation and conversely, an understanding of how housing targets could be achieved without further increasing the density in the Low Density Residential designation;
- The removal of obsolete language pertaining to the Los Gatos Boulevard Plan; and
- Clear policies directing the evolution of existing commercial tax generating uses (i.e., auto dealers on the Boulevard) to mixed use.

The purpose of this agenda item is for the Town Council to provide direction on the translation of the Preferred Land Use Alternative Framework into the Land Use designation development parameters. This is intended to assist the GPAC in its review of the Land Use and Community Design Elements which is continued to its meeting on November 19. In addition, the GPAC requested that the Council clarify the extent of the revisions expected as part of this update of the General Plan.

DISCUSSION:

The proposed modifications to the existing Land Use and Community Design Elements are intended to address emergent trends and changes to State Laws and implement the Preferred Land Use Alternative Framework. The primary focus of the selected Alternative was to plan for at least 2,000 new housing units, especially in mixed-use and medium/high density developments.

The total net new dwelling units listed in the Preferred Land Use Alternative Framework, including accessory dwelling units, was 2,464. To accomplish this increase in potential new housing units, certain assumptions were made about maximum allowed densities (expressed as dwelling units per acre) which are laid out in Attachment 1, Table 1.

The development of the Land Use and Community Design Elements was based on the following direction from Town Council, Planning Commission, and GPAC:

- Target 2,464 net new dwelling units of the Preferred Land Use Alternative Framework (excluding pending/approved dwelling units);

DISCUSSION (continued):

- Facilitate the increase in allowable densities mostly within the areas identified as Opportunity Areas;
- Ensure that the increase in density in Opportunity Areas steps down when adjacent to lower density development;
- Keep the implementation as simple and clear as possible;
- Do not increase density in the hillside areas; and
- Delete or modify existing goals, policies, and action items (now implementation measures) as needed because of changes to State law, completion of items, or potential for consolidation with other items.

Based on this direction, the following modifications were made to the Land Use Designations and Development Standards Table (Attachment 5) and Land Use Diagram (Attachment 6):

- Maintain the allowable density in Hillside Residential designation;
- Increase density for Low Density Residential to the range listed as “Outside Opportunity Areas” because most Low Density Residential is located outside the Opportunity Areas and to accommodate Missing Middle housing (see Attachment 2);
- Increase density for Medium Density Residential to the range listed as “Inside Opportunity Areas” because much of the Medium Density Residential is located inside the Opportunity Areas;
- Increase density for High Density Residential to the range listed as “Inside Opportunity Areas” because much of the High Density Residential is located inside the Opportunity Areas;
- Increase density for Mixed-Use and Central Business District to the range listed as “Inside Opportunity Areas” because most of the Mixed-Use is located inside the Opportunity Areas;
- Divide the areas currently designated as Neighborhood Commercial into two designations. For those that retain the Neighborhood Commercial designation, increase density to the range listed as “Outside Opportunity Areas,” and for those that are now designated Community Commercial, increase density to the range listed as “Inside Opportunity Areas.” Though most of these areas are located inside the Opportunity Areas, some are more neighborhood focused, and some have a larger community service area; and
- Increase density for Central Business District to the range listed as “Inside Opportunity Areas” because most of the Central Business District is located inside the Opportunity Areas;

These changes result in 2,950 net new dwelling units (excluding pending/approved dwelling units) (see Attachment 3). In addition, the revised Community Design Element includes specific goals, policies, and implementation measures focused on the Opportunity Areas (now called Community Place Districts) to address compatibility and other issues.



DISCUSSION (continued):

To assist the Council and GPAC visualize the translation of the Alternative into the General Plan update, the consultant has prepared the following attachments:

- Attachment 2 describes how the Land Use Element is intended to meet the housing needs of Los Gatos, not just through mixed used developments, but also through Missing Middle housing. While the Land Use Element does not specifically address the affordability of housing, the incorporation of regulations that support Missing Middle housing provides for a wider variety of housing types that would be part of meeting the Town's Regional Housing Needs Allocation (RHNA).

The illustration compares a one-acre block in the Low Density Residential designation under the current maximum density of five dwelling units per acre versus the proposed new density of 12 dwelling units per acre. It shows how the introduction of new housing types can occur within existing single-family neighborhoods.

- Attachment 3 includes a description of the housing capacity estimated under the refined Land Use designations for the 2040 General Plan.
- Attachment 4 includes a pair of illustrations that provide a visualization of the massing (though not specific design) of different maximum Floor Area Ratios (FARs) for commercial sites. They show the potential massing for development of the property on the corner of Los Gatos Boulevard and Los Gatos-Almaden Road under two different FARs, 1.5 and 2.5. If the ground floor of the buildings shown would be retail or office and all other floors are residential, then a density of 40 residential units per acre would result with an average unit size of approximately 1,200 square feet (sq. ft.) for a FAR of 1.5, and approximately 1,700 sq. ft. for an FAR of 2.5.

These numbers are rough gross floor area, and do not account for the need for hallways, lobbies, community spaces, mechanical rooms, stairwells, and elevators, which would result in further reduction of the average unit size. In addition, the unit sizes would be smaller if more of the floor area were used for more office or other non-residential uses.

The initial draft Community Design Element includes new objective design policies that are intended to allow the expected new growth in the commercial and mixed-use areas to develop in a way that will be compatible with the existing fabric of the Town. The Opportunity Areas in the selected Alternative have been replaced with Community Places Districts and are located where the greatest land use modifications are proposed (see Attachment 7).

If these Elements are approved with the draft designations, diagrams, goals, and policies, updates to the Zoning Code, design guidelines, and other documents will be necessary to

DISCUSSION (continued):

ensure consistency with the new General Plan. It is not possible to update all planning documents simultaneously. Implementation programs are proposed for this purpose.

CONCLUSION:

The purpose of this report is to provide the Town Council with an opportunity to provide direction to the GPAC, staff, and the consultant on the translation of the approved Alternative in the new Land Use Designation table and Diagram (Attachments 5 and 6).

The following questions may help guide the Council discussion:

- 1. Do the attachments adequately explain the translation of the selected Alternative into the Land Use Designations and their development parameters? If not, what additional information would be useful?*
- 2. Does the Council support the inclusion of Missing Middle housing in the Low Density Residential Designation?*
- 3. How much change should the GPAC make in the update of the General Plan?*

The initial direction from Town Council was that the existing General Plan is serving the community well, and this update provides the opportunity to refine the General Plan, address emerging trends and recent State laws, and consider new issues. However, the discussions of the GPAC have evolved over the last two years, so they have asked for some clarification from Town Council on how proactive and forward-looking these revisions should be, both in respect to the goals, policies, and implementation measures, as well as to the descriptive and introductory language of the document.

Staff looks forward to the Town Council's review, discussion, and direction.

ENVIRONMENTAL ASSESSMENT:

A final decision on the Land Use and Community Design Elements will be considered as part of the approval of the 2040 General Plan. An Environmental Impact Report will be prepared as part of the General Plan update process.

Attachments:

1. Preferred Land Use Alternative Framework
2. How to Meet the Housing Needs of Los Gatos
3. Housing Production Estimated Under 2040 General Plan

PAGE 6 OF 6

SUBJECT: Land Use and Community Design Elements of the General Plan

DATE: November 12, 2020

Attachments (continued):

4. FAR Comparison Graphics
5. Land Use Designations and Development Standards Table
6. Land Use Diagram
7. Land Use Diagrams for Community Place Districts

## Summary of the Preferred Land Use Alternative Framework

On Tuesday, April 7, 2020, the Town Council met to consider the recommendation from the Planning Commission and General Plan Update Advisory Committee (GPAC) of a Draft Land Use Alternative Framework for the 2040 Los Gatos General Plan. Review by the Planning Commission and GPAC included community feedback from Community Workshop #2, which was held on January 16, 2020, as well as additional feedback collected through online engagement.

### **Town Council Discussion of the Land Use Alternative Framework**

At the April 7, 2020 meeting, the Town Council approved the Preferred Land Use Alternative Framework that will be used to develop the 2040 General Plan. The Town Council deliberated on the options presented for consideration and asked questions about the details associated with the Framework, including but not limited to building heights, density, the role of accessory dwelling units (ADUs), and specific development parameters within and adjacent to Opportunity Areas.

Following discussion, the Town Council agreed with the recommendation of the Planning Commission and GPAC and approved Alternative C (including the downtown area as an eighth Opportunity Area). Alternative C provides for a more diverse housing stock to meet the needs of a diversifying community, while exceeding the 2,000 net new housing unit goal. Alternative C also allows for the ability of development within specific areas in Town to have a maximum height of 50 feet or four stories but does not mandate development to reach that maximum. This increase in allowable height would potentially encourage the development of smaller multi-family units, which are expected to be needed to meet the Town's identified Regional Housing Needs Allocation consistent with State law every eight years.

As part of its adoption of the 2040 Preferred Land Use Alternative Framework, the Town Council requested specific policies in the Land Use Element to refine where the maximum height is most appropriate and where it is not, expand on placemaking and enhancing community spaces, consider impacts of development adjacent to existing neighborhoods, and create vibrant, walkable areas throughout Town.

### **2040 Preferred Land Use Alternative Framework**

The following documents the 2040 Preferred Land Use Alternative Framework approved by Town Council on April 7, 2020. Table 1 presents the development parameters (density and FAR) to be assumed both inside and outside of Opportunity Areas. For the assumptions, densities for residential uses were expressed as dwelling units per acre (du/ac) and non-residential uses have an intensity level that is expressed as a floor area ratio (FAR). A FAR is the ratio of allowable building space per land area of a development site (see Table 1: 2040 Preferred Land Use Alternative Framework Development

Assumptions). These assumptions fluctuate and increase depending on if a parcel is located within one of the eight designated Opportunity Areas (OA).

*Table 1: 2040 Preferred Land Use Alternative Framework Development Assumptions*

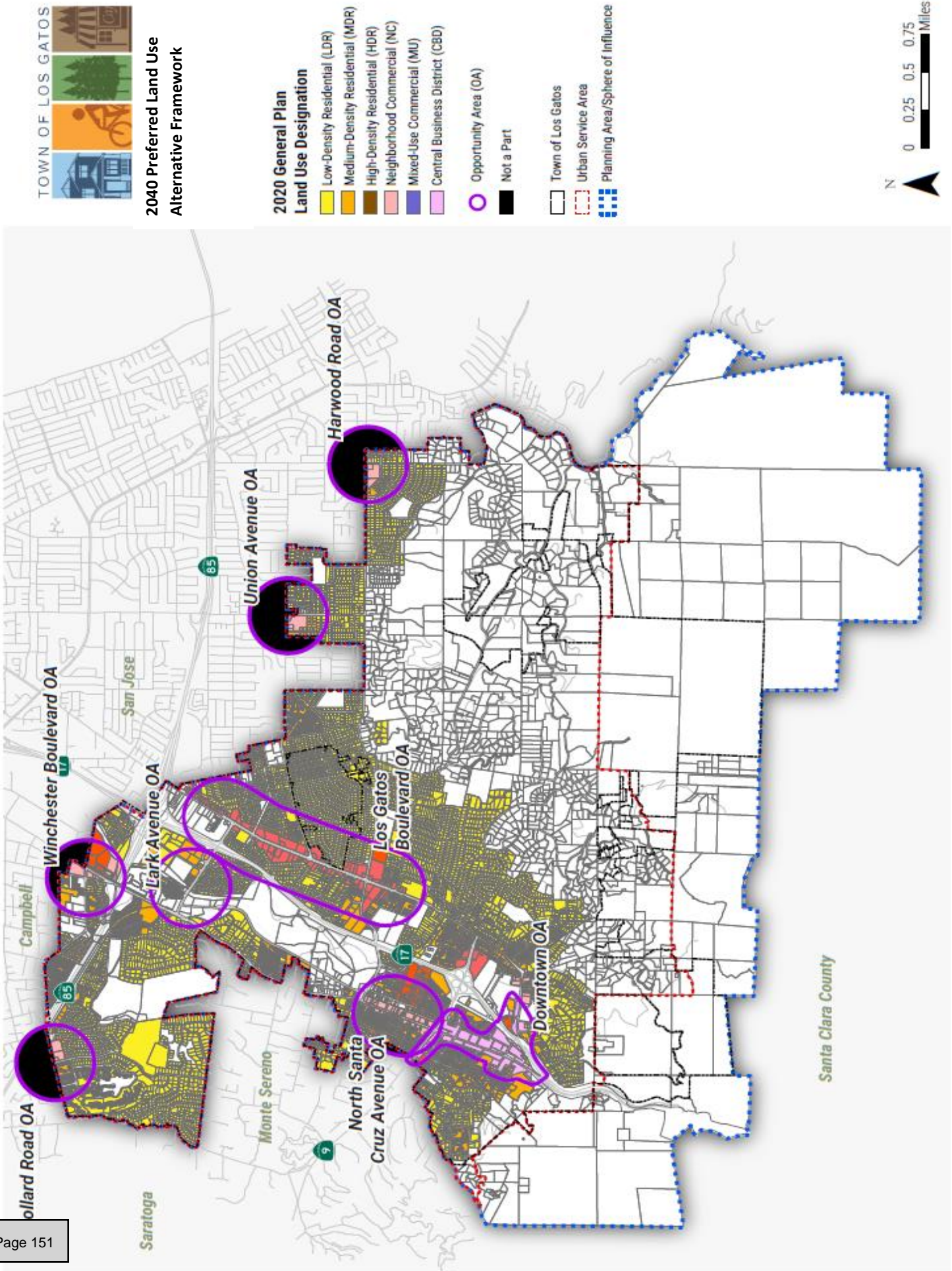
Land Use Designation	2040 Preferred Land Use Alternative Framework									
	Existing Density Range (DU/AC)	Redevelopment		Density Range (DU/AC)		Typical Density (DU/AC)		FAR	Dwelling Units	
		Outside OA	Inside OA	Outside OA	Inside OA	Outside OA	Inside OA		Outside OA	Inside OA
LDR	0 to 5	5%	10%	5 to 12	8 to 16	10	14	0.5	164	180
MDR	5 to 12	10%	10%	12 to 20	14 to 24	16	20	0.75	315	166
HDR	12 to 20	15%	15%	20 to 30	30 to 40	26	36	1.25	98	236
NC	0 to 20	10%	15%	0 to 20	20 to 30	18	26	0.75	7	192
MU	0 to 20	10%	20%	0 to 20	30 to 40	18	26	1	21	449
CBD	0 to 20	N/A	15%	N/A	20 to 30	N/A	26	0.75	0	136

Table 2 presents a breakdown of the population, housing, and employment that could result with the selected Alternative. Population is based on the standard number of persons per unit (2.4) found in Los Gatos. The housing section of the table provides the number of housing units calculated to be developed under the selected Alternative for each land use designation and whether the land is inside or outside of an Opportunity Area. The bottom of the table provides an employment number. This number is assumed to be understated, as the alternatives process focused on housing production, and will be updated as the 2040 General Plan is developed.

Table 2: 2040 Preferred Land Use Alternative Framework Projections

	2040 Preferred Land Use Alternative Framework
<b>Population</b>	
Total Net New Population	5,914
Total Population	7,054
Total Projected 2040 Population	38,049
<b>Housing</b>	
Net New Dwellings	1,964
Potential Net New Accessory Dwelling Units	500
<b>Total Net New Dwelling Units</b>	<b>2,464</b>
Pending/Approved Dwelling Units	475
<b>Total Future Dwelling Units</b>	<b>2,939</b>
Dwelling Units Per Land Use Designation	
Low Density Residential (LDR) - in OA	180
Low Density Residential (LDR) - outside OA	164
Low Density Residential (LDR) - Total Dwelling Units	<b>344</b>
Medium Density Residential (MDR) - in OA	166
Medium Density Residential (MDR) - outside OA	315
Medium Density Residential (MDR) - Total Dwelling Units	<b>481</b>
High Density Residential (HDR) - in OA	236
High Density Residential (HDR) - outside OA	98
High Density Residential (HDR) - Total Dwelling Units	<b>334</b>
Neighborhood Commercial (NC) - in OA	192
Neighborhood Commercial (NC) - outside OA	7
Neighborhood Commercial (NC) - Total Dwelling Units	<b>199</b>
Mixed Use Commercial (MUC) - in OA	21
Mixed Use Commercial (MUC) - outside OA	449
Mixed Use Commercial (MUC) - Total Dwelling Units	<b>470</b>
Central Business District (CBD) - Total Dwelling Units	<b>136</b>
<b>Employment</b>	
Employment	1,280

Figure 1: 2040 Preferred Land Use Alternative Framework and General Land Use Designations

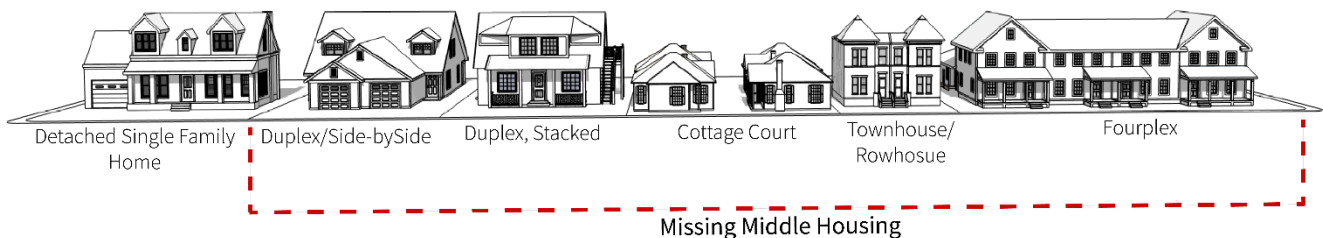


**How to Meet the Housing Needs of Los Gatos**

While Los Gatos is a desirable location to live, finding a place to call home in Los Gatos has been unattainable for many. The Town’s housing issues come from many factors, the primary of which is affordability (high purchase and rental prices). Other related factors include a lack of unit types and sizes to meet the needs of prospective residents. The aging population in Town may wish to downsize; however, there is a the shortage of smaller dwelling units. The prevalence of single-family homes and the trend towards building larger and larger homes has further limited the supply of new housing.

These housing issues are not unique to Los Gatos and are seen throughout the Bay Area and many communities in California. As part of the Housing Element process, the State dictates the number of units at a variety of income levels for which a jurisdiction must plan and remove barriers to construction. For Los Gatos, this is expected to be approximately 2,000 dwelling units of various income levels over the next eight years.

To address the diversity of housing needed in Los Gatos and meet the requirements of State law, the Town needs innovative strategies to plan for housing. One strategy is to help evolve existing neighborhoods into a heterogeneous mix of housing types and affordabilities, as was done in past in cities throughout the nation. Housing types that lie between detached single-family and apartment buildings is often referred to as “Missing Middle” housing, and can include a mix of duplexes, triplexes, fourplexes, cottage courts/clusters, and townhomes (illustrated in the graphic, below). Through design, these units can be compatible in form and appearance with detached single-family homes.



**Future Housing – Providing for the Missing Middle**

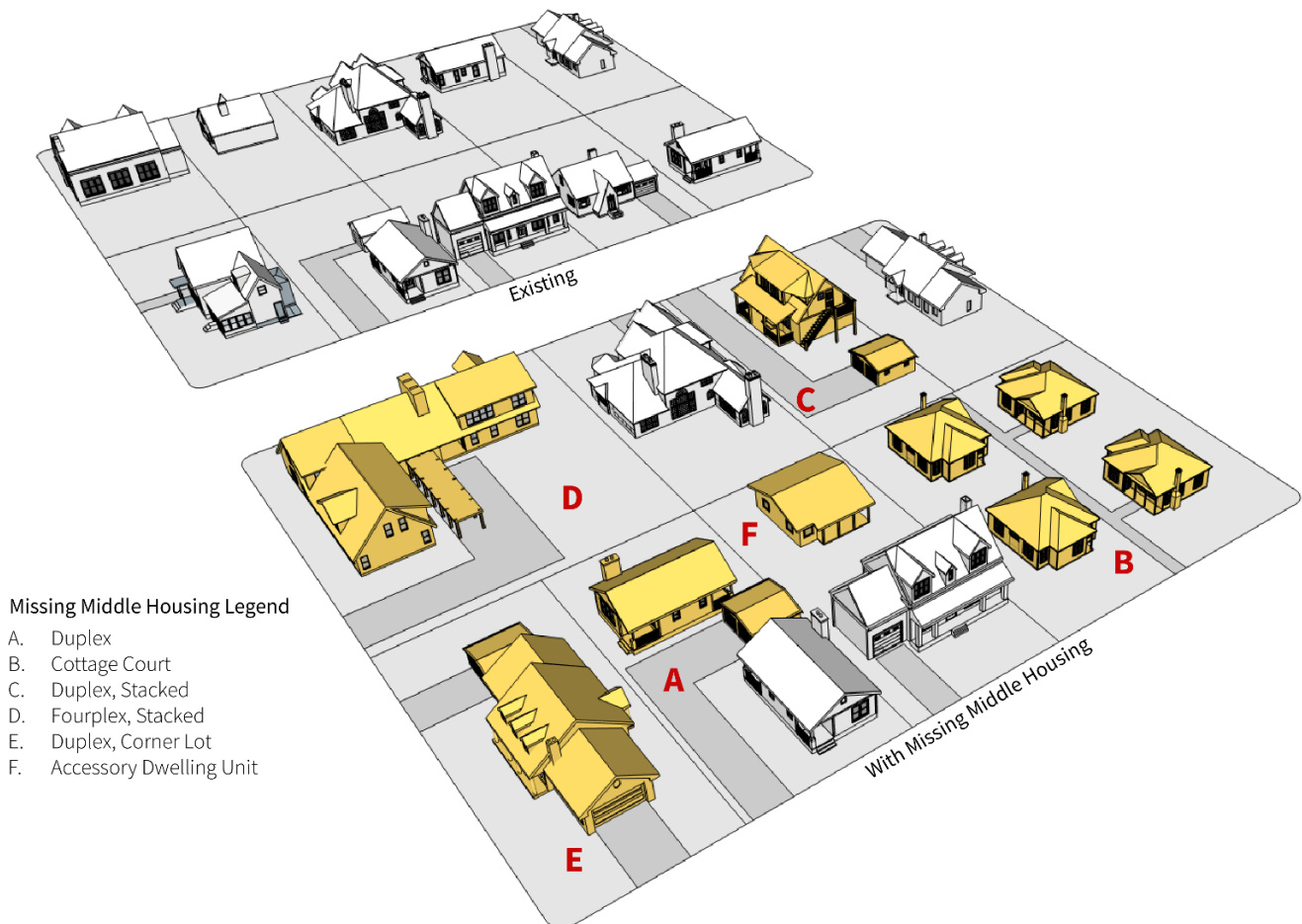
As part of the 2040 General Plan, a goal, supporting policies, and action items (now called implementation programs) are proposed to support the development of Missing Middle housing within existing Los Gatos neighborhoods. The graphic below illustrates this concept using a variety of Missing Middle housing types.



In the graphic below, two blocks were laid out to be identical relative to lot lines and existing structures, with the housing units shaded in white being existing single-family detached homes of a variety of sizes (square footages). The graphic labeled “Existing” depicts a density of 5 dwelling units per acre (du/ac).

The graphic labeled “With Missing Middle Housing” shows that same block with future development and how the individual lots of different sizes could be redeveloped with a 12 du/ac density. The white shaded structures are the remaining existing single-family homes and the gold shaded structures are new Missing Middle housing types. Some are in addition to existing structures (“A” and “F”), one is a replacement structure on an existing lot (“C”), and two show the consolidation of two lots to create one larger lot (“B” and “D”).

On a typical block in Town, the number of Missing Middle units would likely be fewer. Not all properties would be redeveloped, and some would just have an ADU added in the back, while others could be duplexes. The larger lots might be able to get up to four units because they are over one-third of an acre. This illustration shows how a range of housing types and sizes could potentially be incorporated into an existing neighborhood. In addition to different types, the Missing Middle concepts would also support the production of a variety of unit sizes in the 500 to 1,000 square foot range.



**Missing Middle Housing Legend**

- A. Duplex
- B. Cottage Court
- C. Duplex, Stacked
- D. Fourplex, Stacked
- E. Duplex, Corner Lot
- F. Accessory Dwelling Unit

### **New Housing Capacity Estimated Under 2040 General Plan**

In 2019, as part of the General Plan Update, the Town completed the Land Use Alternatives Report. This Report looked at four land use alternative concepts for Los Gatos, each with a different mix of housing densities and commercial and industrial intensities. Following recommendations by the General Plan Update Advisory Committee and the Planning Commission, the Town Council selected Alternative C Medium High Growth as the Preferred Alternative that would be used to guide the development of the General Plan. Under this Alternative, the Downtown was also identified as an area for focused development.

During incorporation of this alternative into the General Plan and to assist in making the alternative easier to implement, the concept of Opportunity Areas was dropped. A single set of land use designations which are similar in name to the existing designations were established.

The Alternatives Report defined each alternative's effect on population, housing, employment, fiscal health, and transportation. As the analysis was focused on comparing change, housing capacity was only evaluated for the following five land use designations:

- Low-Density Residential
- Medium-Density Residential
- High-Density Residential
- Neighborhood Commercial
- Mixed-Use Commercial

As part of the General Plan, the Community Commercial and Central Business District designations also allow residential development and are included in the capacity numbers provided on the next page.

The table on the next page provides an estimate of residential growth that can happen under the 2040 General Plan. These estimates are based on the following parameters (as listed on the table):

- **Land Use Designation.** This column lists the designations that produce residential. As growth in the hillside areas is not promoted, no new units are estimated for the Hillside Residential designation.
- **Density Range (du/ac).** Each designation has a minimum and maximum density range, listed as dwelling units per acre (du/ac).
- **Typical Density Assumed (du/ac).** To estimate potential new housing, an assumption was made as to the typical density that would occur in each designation. This factor was used to calculate total units.
- **Assumed Redevelopment.** For properties that are currently developed, it was assumed that some percent of those properties would redevelop over the course of the next 20 years.
- **New Housing (Vacant).** Based on the vacant acreage under each land use designation, the potential number of housing units was calculated.
- **New Housing (Redevelop).** Based on the developed acreage under each land use designation and the assumed redevelopment percentage, the potential number of housing units was calculated.

ATTACHMENT 3

Added to the total units produced from vacant land and redeveloped land are the following:

- **Housing Units, ADUs.** This figure provides the estimated number of accessory dwelling units (ADUs) that would be produced over the 20-year planning period (25 ADUs per year).
- **Housing Units, Existing Projects.** Town-approved and pending projects that include new housing units are also included with the preferred alternative.

The following table provides an estimate of housing unit capacity under the Preferred Alternative compared with the existing General Plan. It should be noted that while the redevelopment percent (the amount of land that will redevelop during the next 20 years) has been kept the same for both calculations (existing and proposed General Plan), it is expected that the percentage would be lower under the existing General Plan as there would not be as much of an incentive for change. Hillside Residential is not included because this designation is not intended to produce significant housing.

Land Use Designation	Density Range (du/ac)		Typical Density (du/ac)		Assumed Redevelopment	Current General Plan		Proposed General Plan	
	Existing General Plan	Proposed General Plan	Existing General Plan	Proposed General Plan		New Housing (Vacant)	New Housing (Redevelop)	New Housing (Vacant)	New Housing (Redevelop)
Low Density Residential	0 to 5	1 to 12	4	12	5%	75	13	283	84
Medium Density Residential	5 to 12	14 to 24	10	20	10%	107	133	224	343
High Density Residential	12 to 20	30 - 40	18	36	15%	53	111	110	268
Mixed Use	10 to 20	30 - 40	16	36	20%	55	242	126	605
Neighborhood Commercial	10 to 20	10 to 20	16	18	10%	11	39	26	91
Community Commercial	n/a	20 to 30	n/a	26	15%	-	-	-	156
Central Business District	10 to 20	20 to 30	16	26	15%	12	46	21	113
Subtotal						313	584	790	1,660
<b>Housing Units, New and Redeveloped</b>							<b>897</b>		<b>2,450</b>
Housing Units, ADUs							500		500
Housing Units, Existing Projects							475		475
<b>TOTAL NEW</b>							<b>1,872</b>		<b>3,425</b>

Development Representations of Mixed-Use and Multi-Family Development  
FAR: 1.5



Development Representations of Mixed-Use and Multi-Family Development  
FAR: 2.5 plus parking garage



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**Table 3-2 General Plan Land Use Designations and Development Standards**

Group	Designation	Color	Description	Standards	Compatible Zoning
<b>RESIDENTIAL DESIGNATIONS</b>	<b>HR</b> Hillside Residential		The purpose of this designation is to provide for very low density, rural, and single-family residential development types that can be done on large single lots or as part of a cluster development. This designation allows for development that is compatible with the unique mountainous terrain and vegetation of parts of Los Gatos.	<b>Density:</b> 0 – 1 du/ac  <b>Max. Height:</b> 30 feet	HR
	<b>LDR</b> Low Density Residential		The purpose of this designation is to provide for single-family residential properties. It encourages single-family residential development in either the standard development established by standard zoning or by innovative forms obtained through a planned development.	<b>Density:</b> 1 – 12 du/ac  <b>Lot Coverage:</b> Up to 50%  <b>Max. Height:</b> 30 feet	R-1
	<b>MDR</b> Medium Density Residential		The purpose of this designation is to provide for multi-family residential, duplexes, and/or small lot single-family homes.	<b>Density:</b> 14 – 24 du/ac  <b>Lot Coverage:</b> Up to 75%  <b>Max. Height:</b> 35 feet	R-1D R-D R-M
	<b>HDR</b> High Density Residential		The purpose of this designation is to provide for more dense multi-family residential development. Its objective is to provide quality housing in proximity to transit and/or commercial and business areas.	<b>Density:</b> 30 – 40 du/ac  <b>Lot Coverage:</b> Up to 75%  <b>Max. Height:</b> 45 feet	R-M
<b>MIXED-USE DESIGNATION</b>	<b>MU</b> Mixed-Use		The purpose of this designation is to provide a mixture of retail, office, and residential in a mixed-use project, along with lodging, service, recreational uses, and restaurants. Projects developed under this designation shall maintain primary orientation to arterial street frontages and proper transitions and buffers to adjacent residential properties.	<b>Density:</b> 30 – 40 du/ac  <b>FAR:</b> Up to 3.0  <b>Lot Coverage:</b> Up to 75%  <b>Max. Height:</b> 45 feet	CH

Group	Designation	Color	Description	Standards	Compatible Zoning
COMMERCIAL DESIGNATIONS	<b>NC</b> Neighborhood Commercial		The purpose of this designation is to provide for necessary day-to-day commercial goods and services required by the residents of the adjacent neighborhoods. This designation encourages concentrated and coordinated commercial development at easily accessible locations. Residential uses, developed using a mixed-use format, are allowed in the designation.	<b>Density:</b> 10 – 20 du/ac  <b>FAR:</b> Up to 1.0  <b>Max. Height:</b> 35 feet	C-1
	<b>CC</b> Community Commercial		The purpose of this designation is to provide for commercial goods and services to support residents, businesses, and visitors, and are located to serve the entire community. Residential uses, developed using a mixed-use format, are allowed in the designation.	<b>Density:</b> 20 – 30 du/ac  <b>FAR:</b> Up to 3.0  <b>Max. Height:</b> 45 feet	C-1
	<b>CBD</b> Central Business District		The purpose of this designation is to encourage a mixture of community-orientated commercial goods and services within the Downtown. This designation applies exclusively to the Downtown, with the goal to accommodate and retain small-town merchants and preserve the Town's character. The District shall maintain and expand open spaces and mature tree growth without increasing setbacks, as well as integrate new construction with existing structures of archeological and historical significance. Residential uses, developed using a mixed-use format, are allowed in the designation.	<b>Density:</b> 20 – 30 du/ac  <b>FAR:</b> Up to 2.0  <b>Max. Height:</b> 45 feet	C-2
EMPLOYMENT CENTER DESIGNATIONS	<b>OP</b> Office Professional		The purpose of this designation is to provide for professional and general business offices and innovation centers. This designation applies to various locations throughout the Town, often in proximity to neighborhood- or community-oriented commercial facilities, or as a buffer between commercial and residential uses. The intent of this designation is to satisfy the community's need for general business and professional services, local employment, and residential uses.	<b>Density:</b> none  <b>FAR:</b> Up to 1.0  <b>Max. Height:</b> 35 feet	O

Group	Designation	Color	Description	Standards	Compatible Zoning
	<b>SC</b> Service Commercial		The purpose of this designation is to provide for service businesses. These businesses include auto repair, building materials sales, paint suppliers, janitorial services, towing businesses, contractors offices and yards, laundries and dry cleaners, as well as wholesaling, and warehousing activities.	<b>Density:</b> none  <b>FAR:</b> Up to 1.0  <b>Max. Height:</b> 35 feet	LM
	<b>LI</b> Light Industrial		The purpose of this designation is to allow for large-scale office developments, well-controlled research and development facilities, innovation centers, industrial parks and service-oriented uses subject to rigid development standards. These uses shall respond to the community and regional-wide needs.	<b>Density:</b> none  <b>FAR:</b> Up to 1.0  <b>Max. Height:</b> 35 feet	CM
<b>SPECIFIC PLANS</b>	<b>A-SP</b> Albright Specific Plan		The purpose of this designation is to provide land for the Albright Specific Plan.	As defined in Specific Plan	A-SP
	<b>NF-SP</b> North Forty Specific Plan		The purpose of this designation is to provide land for the North 40 Specific Plan.	As defined in Specific Plan	NF-SP
<b>PUBLIC &amp; OPEN SPACE DESIGNATIONS</b>	<b>PUB</b> Public		This designation identifies public and institutional facilities in the Town such as the Civic Center, schools, parks, libraries, hospitals, churches, and fire stations.	<b>Density:</b> none  <b>FAR:</b> Up to 1.0  <b>Max. Height:</b> 35 feet	All zones
	<b>OS</b> Open Space		This designation identifies the location of public parks, open space preserves, private preserves, and stream corridors.	<b>Density:</b> none  <b>Max. Height:</b> 30 feet	RC
	<b>AG</b> Agriculture		This designation identifies areas for commercial agricultural crop production and properties under a Williamson Act contract.	<b>Density:</b> 1 du/20 ac  <b>Max. Height:</b> 30 feet	RC

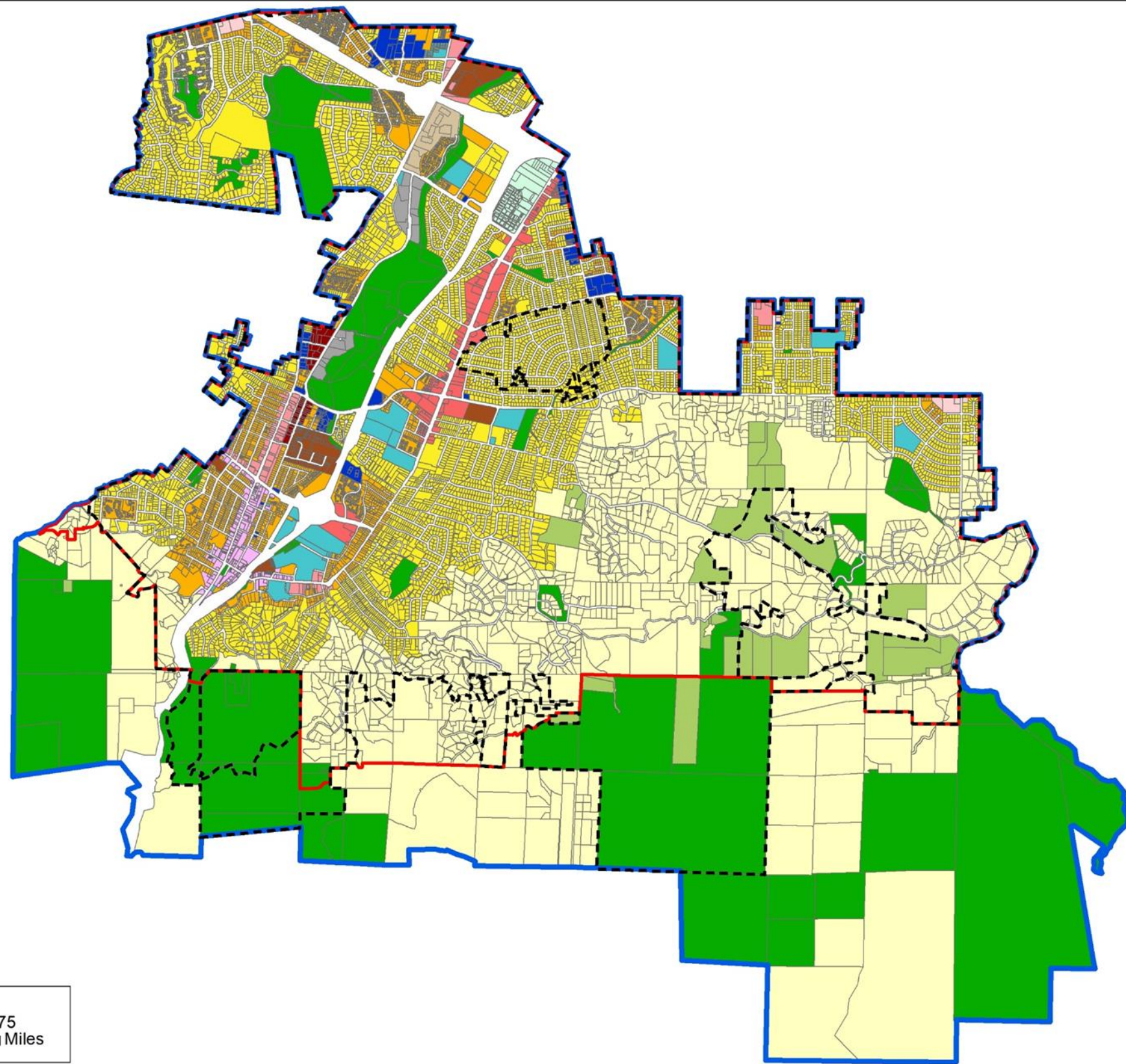


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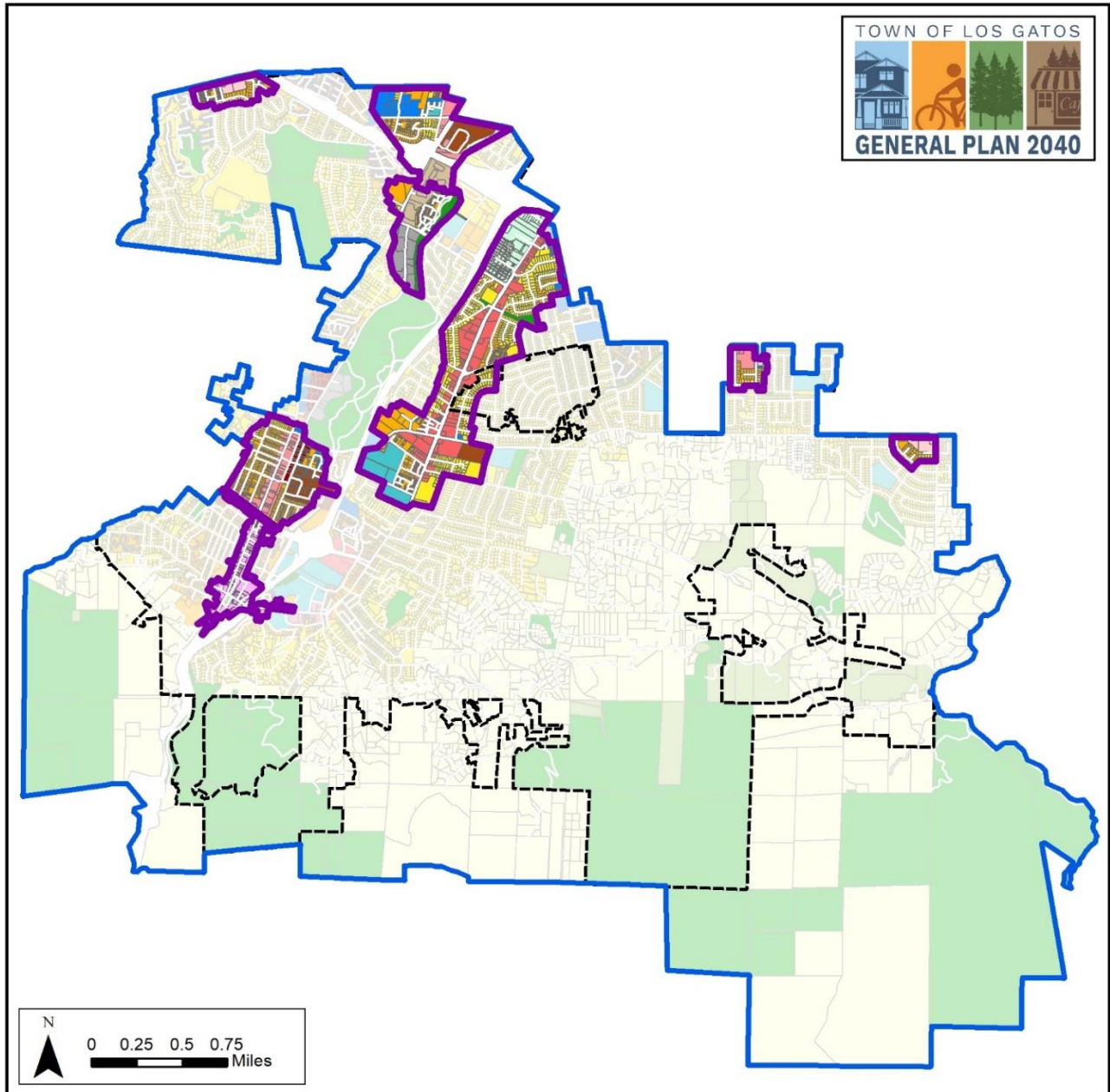
**Figure 3-1: Land Use Diagram**

- Land Use Designation**
- Open Space
  - Agriculture
  - Public
  - Hillside Residential
  - Low Density Residential
  - Medium Density Residential
  - High Density Residential
  - Central Business District
  - Office Professional
  - Neighborhood Commercial
  - Community Commercial
  - Mixed Use
  - Service Commercial
  - Light Industrial
  - Albright Specific Plan
  - North Forty Specific Plan
- Town of Los Gatos**
- Town Limit
  - Planning Area
  - Urban Service Area



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**Figure 1: Community Place Districts**



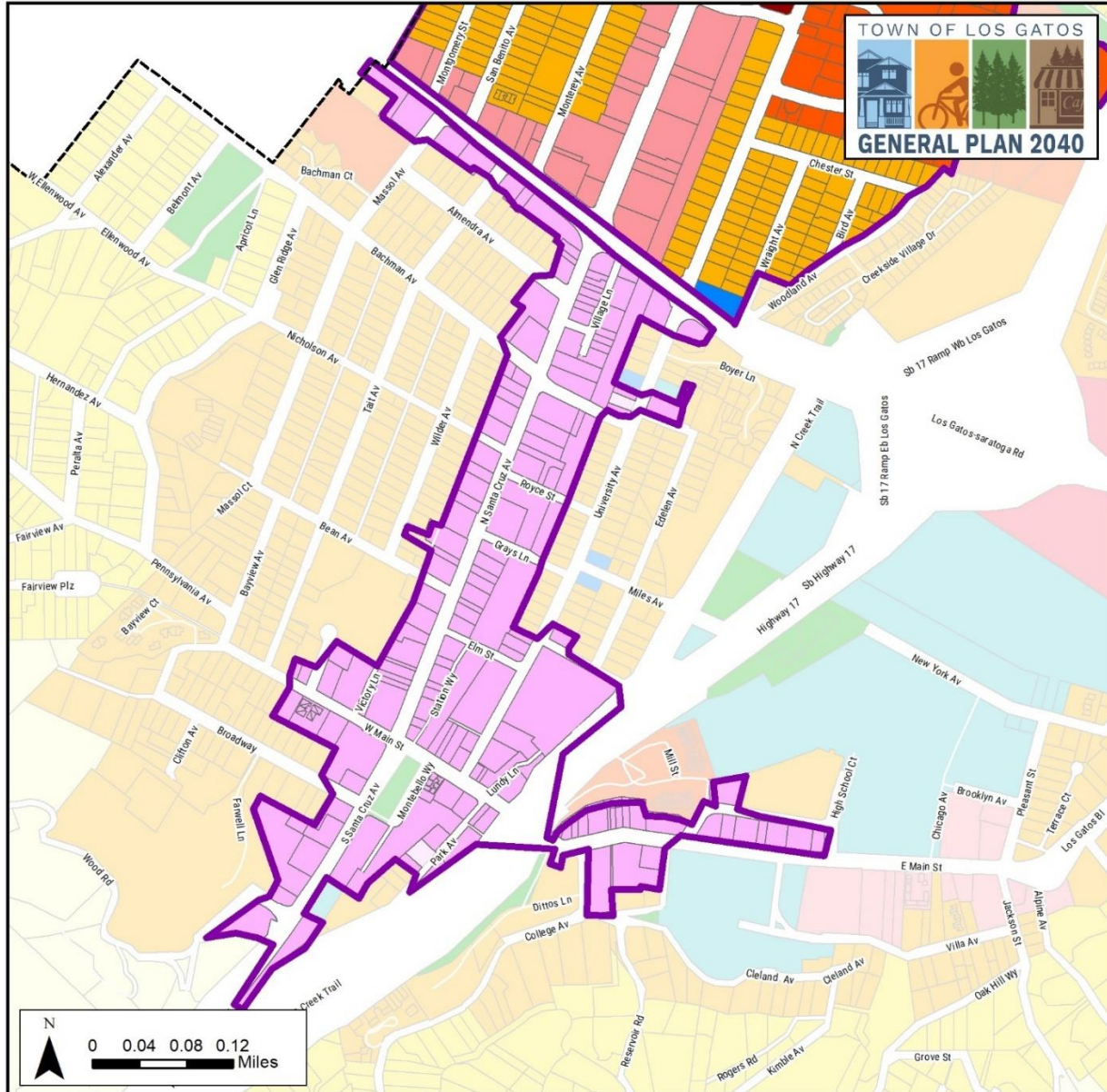
**Land Use Designation**

- Open Space
- Agriculture
- Public
- Hillside Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Central Business District

- Office Professional
- Neighborhood Commercial
- Community Commercial
- Mixed Use
- Service Commercial
- Light Industrial
- Albright Specific Plan
- North Forty Specific Plan

- Community Place Districts
- Town of Los Gatos
- Planning Area

**Figure 2: Downtown District**



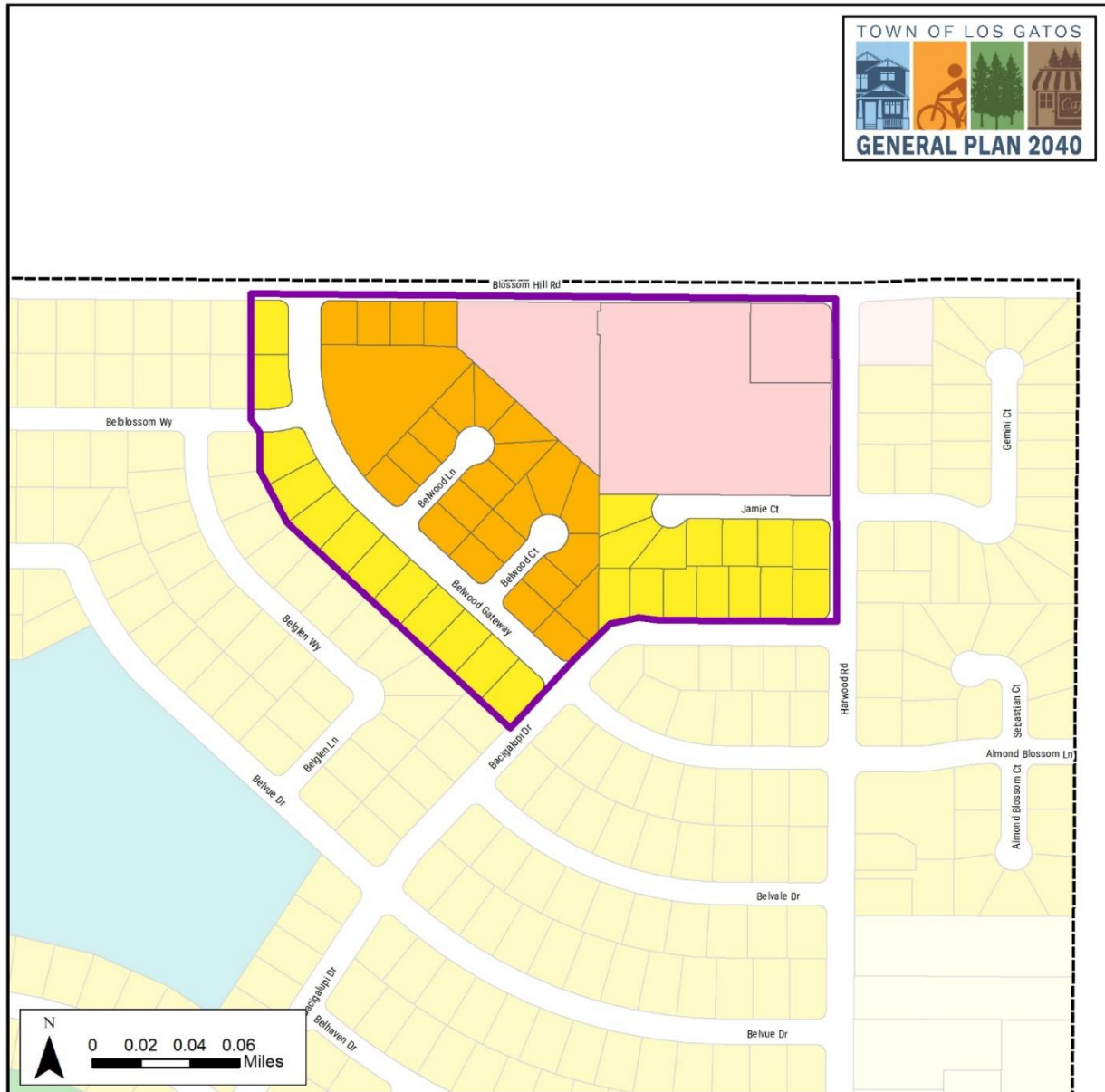
**Land Use Designation**

- Open Space
- Agriculture
- Public
- Hillside Residential
- Low Density Residential
- Me
- High Density Residential
- Central Business District

- Office Professional
- Neighborhood Commercial
- Community Commercial
- Mixed Use Commercial
- Service Commercial
- Light Industrial
- Albright Specific Plan
- North Forty Spec Plan

- Town of Los Gatos
- Community Place Districts

**Figure 3: Harwood Road District**



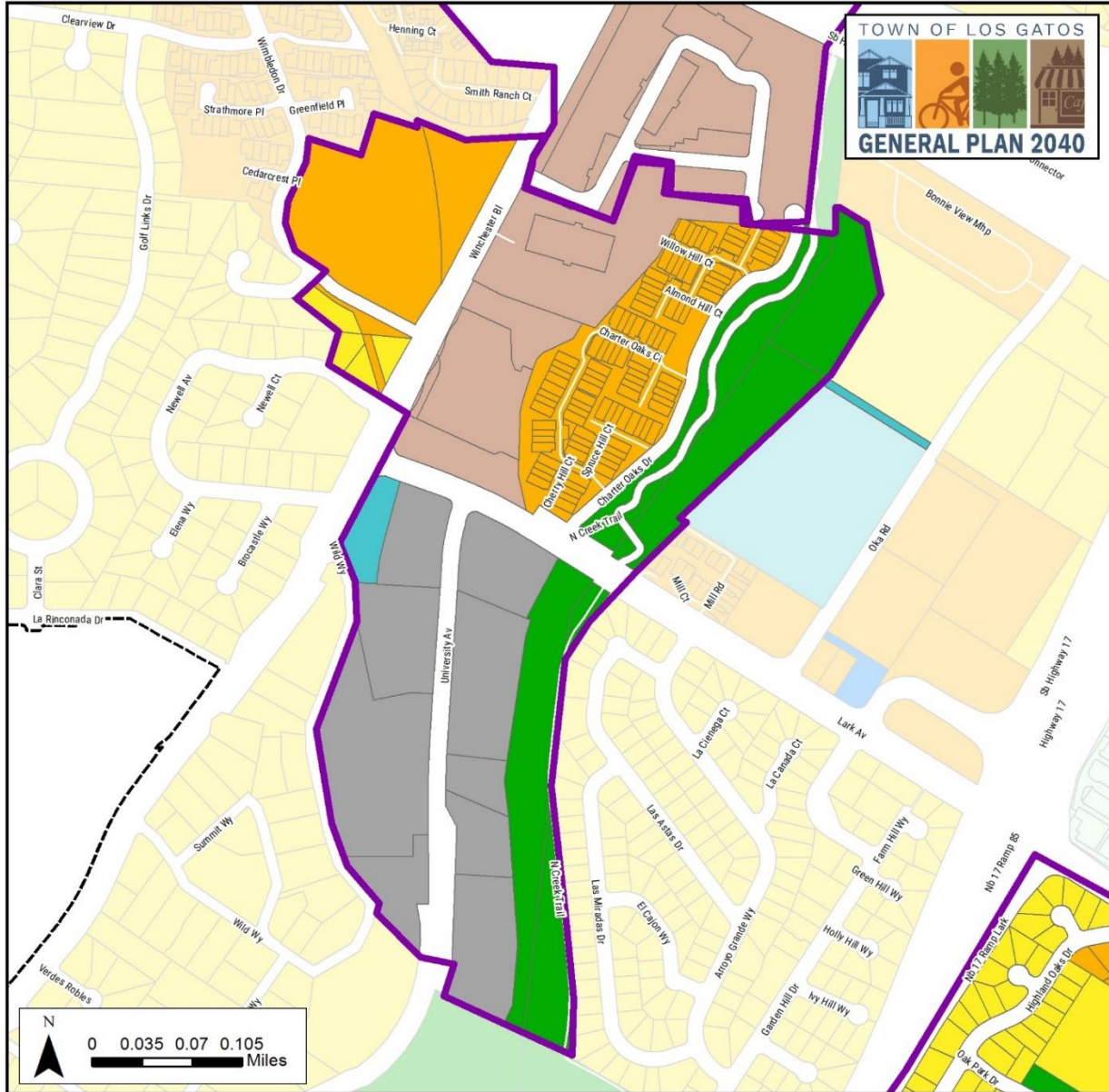
**Land Use Designation**

- Open Space
- Agriculture
- Public
- Hillside Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Central Business District

- Office Professional
- Neighborhood Commercial
- Community Commercial
- Mixed Use Commercial
- Service Commercial
- Light Industrial
- Albright Specific Plan
- North Forty Spec Plan

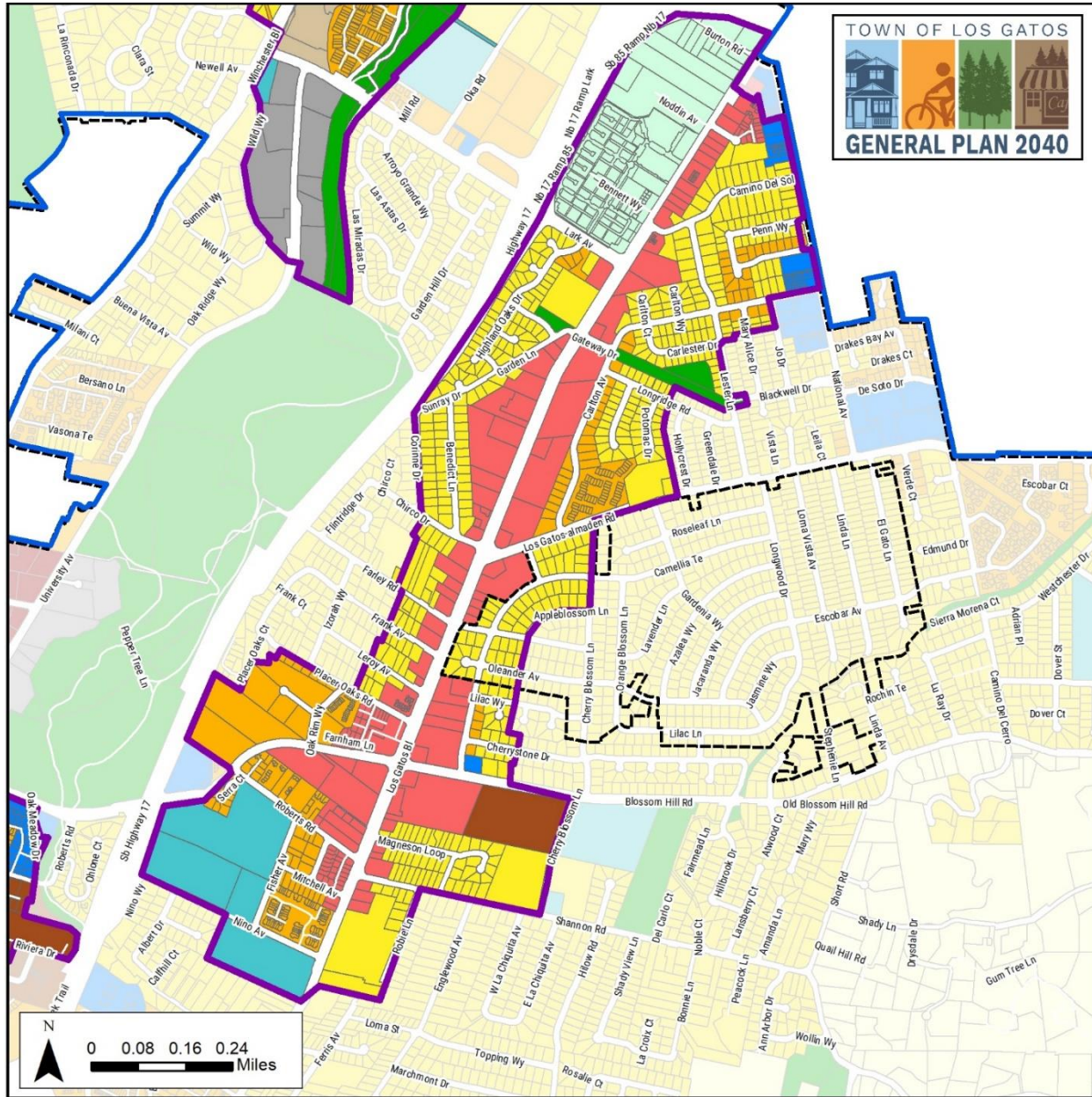
- Town of Los Gatos
- Community Place Districts

**Figure 4: Lark Avenue District**











<b>Land Use Designation</b>	 Office Professional	 Town of Los Gatos
 Open Space	 Neighborhood Commercial	 Community Place Districts
 Agriculture	 Community Commercial	
 Public	 Mixed Use Commercial	
 Hillside Residential	 Service Commercial	
 Low Density Residential	 Light Industrial	
 Medium Density Residential	 Albright Specific Plan	
 High Density Residential	 North Forty Spec Plan	
 Central Business District		




**Figure 5: Los Gatos Boulevard District**



**Land Use Designation**

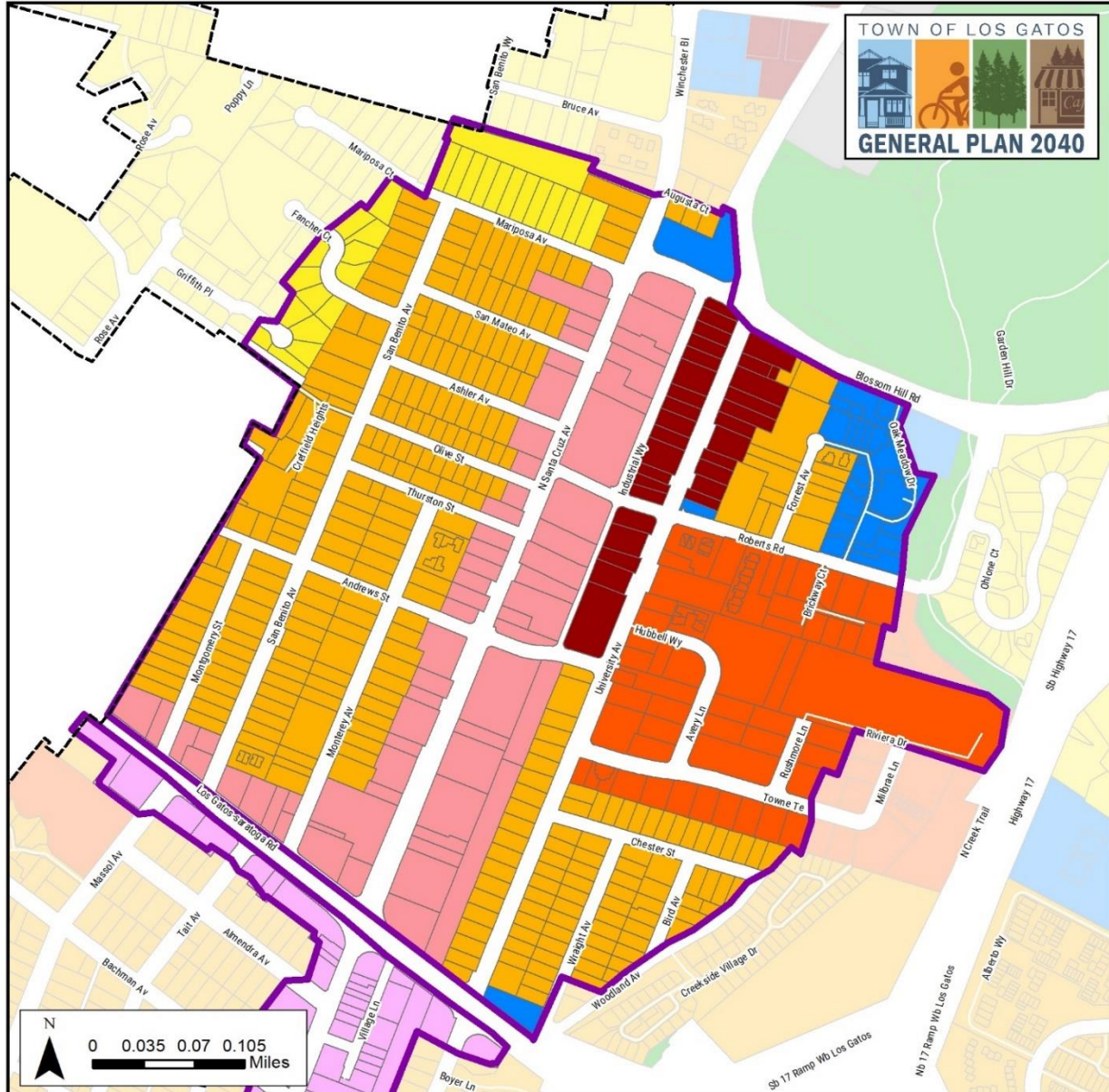
-  Open Space
-  Agriculture
-  Public
-  Hillside Residential
-  Low Density Residential
-  Medium Density Residential
-  High Density Residential
-  Central Business District

-  Office Professional
-  Neighborhood Commercial
-  Community Commercial
-  Mixed Use
-  Service Commercial
-  Light Industrial
-  Albright Specific Plan
-  North Forty Specific Plan

-  Community Place Districts
-  Town of Los Gatos
-  Planning Area

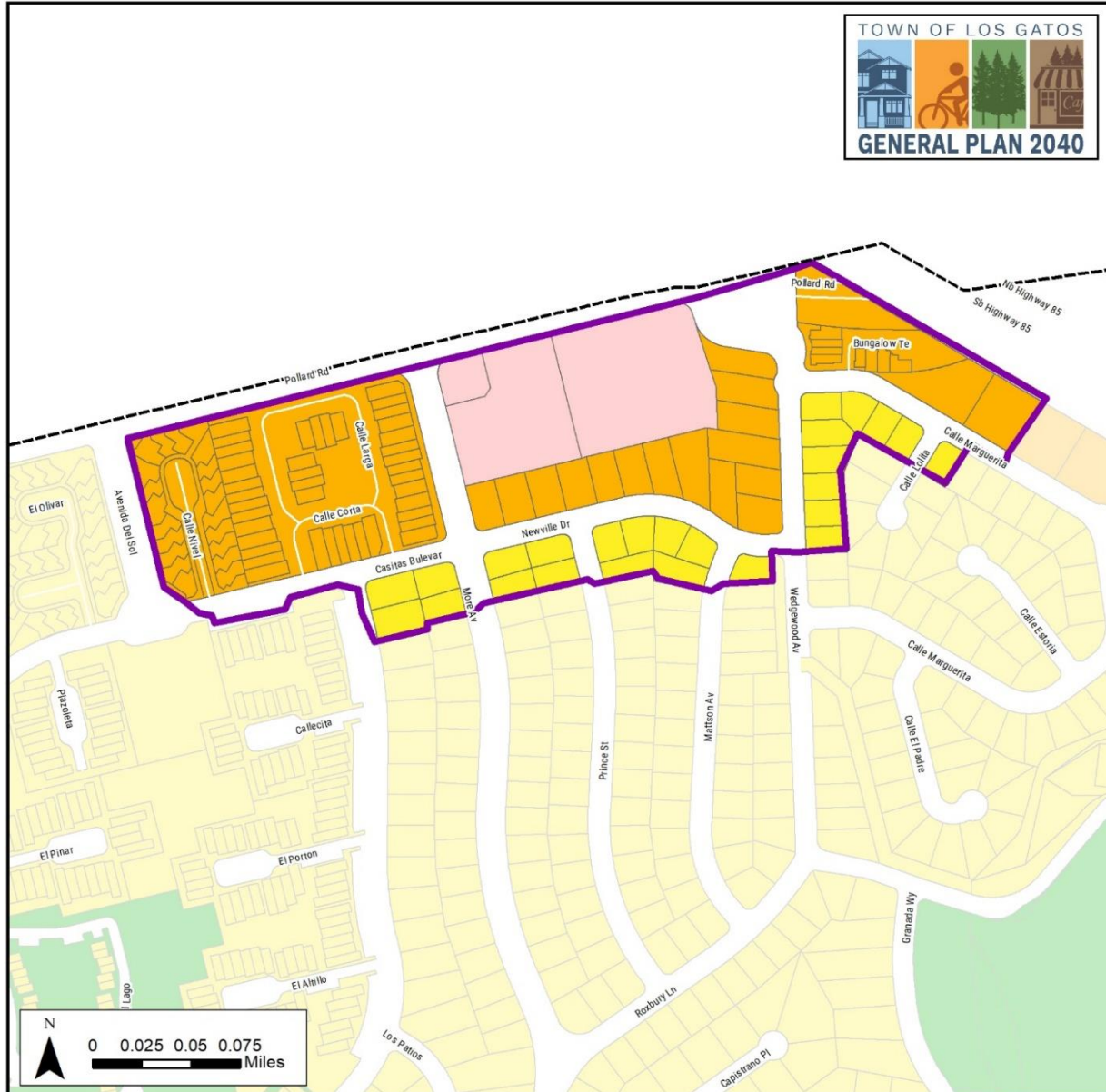


**Figure 6: North Santa Cruz Avenue District**











- |  |   |  |
|--|---|--|
| <b>Land Use Designation</b>  |  Office Professional     |  Town of Los Gatos         |
|  Open Space                 |  Neighborhood Commercial |  Community Place Districts |
|  Agriculture                |  Community Commercial    |  |
|  Public                     |  Mixed Use Commercial    |  |
|  Hillside Residential       |  Service Commercial      |  |
|  Low Density Residential    |  Light Industrial        |  |
|  Medium Density Residential |  Albright Specific Plan  |  |
|  High Density Residential   |  North Forty Spec Plan   |  |
|  Central Business District  |   |  |



**Figure 7: Pollard Road District**



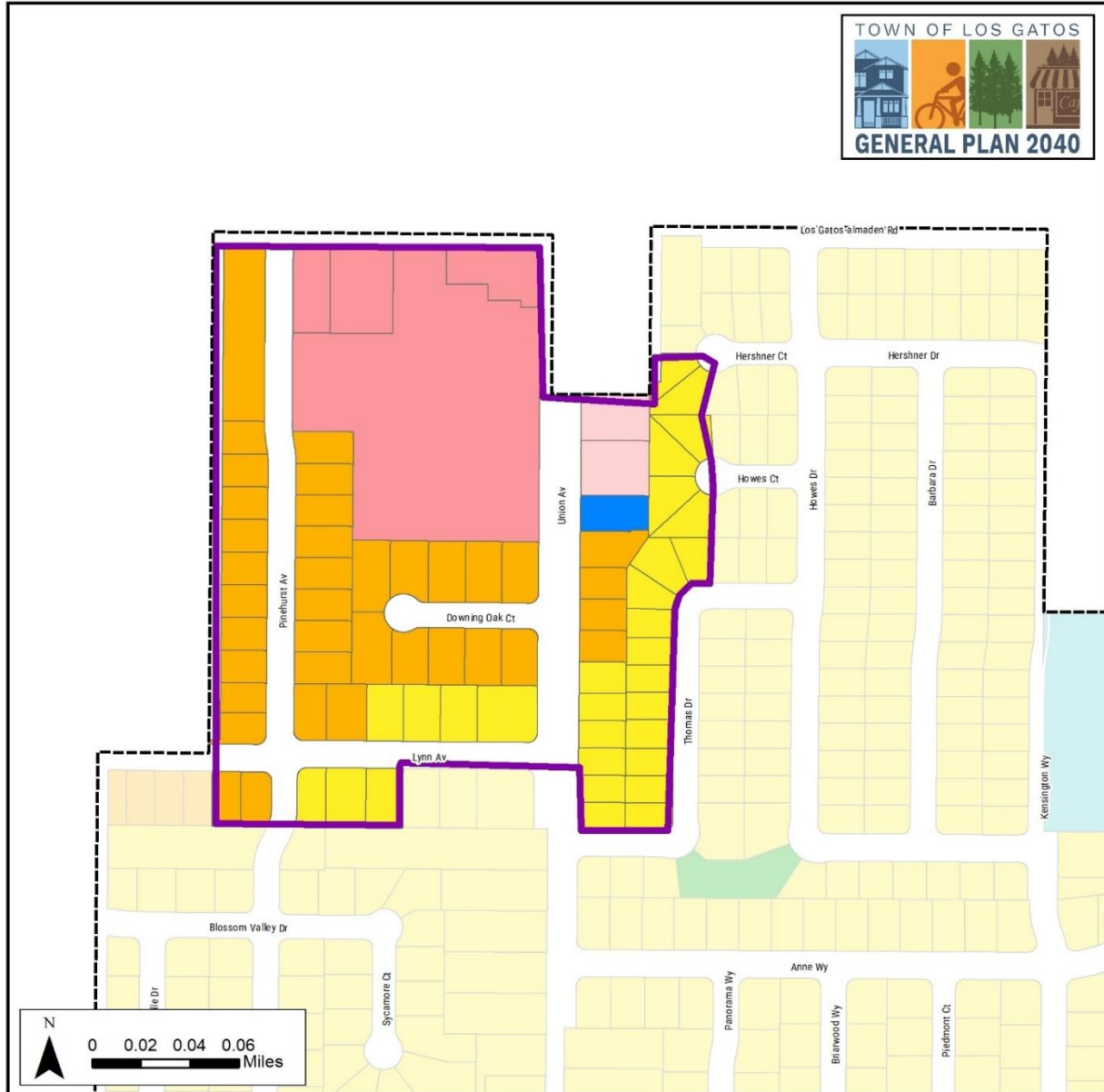
**Land Use Designation**

-  Open Space
-  Agriculture
-  Public
-  Hillside Residential
-  Low Density Residential
-  Medium Density Residential
-  High Density Residential
-  Central Business District

-  Office Professional
-  Neighborhood Commercial
-  Community Commercial
-  Mixed Use Commercial
-  Service Commercial
-  Light Industrial
-  Albright Specific Plan
-  North Forty Spec Plan

-  Town of Los Gatos
-  Community Place Districts

**Figure 8: Union Avenue District**



**Land Use Designation**

- Open Space
- Agriculture
- Public
- Hillside Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Central Business District

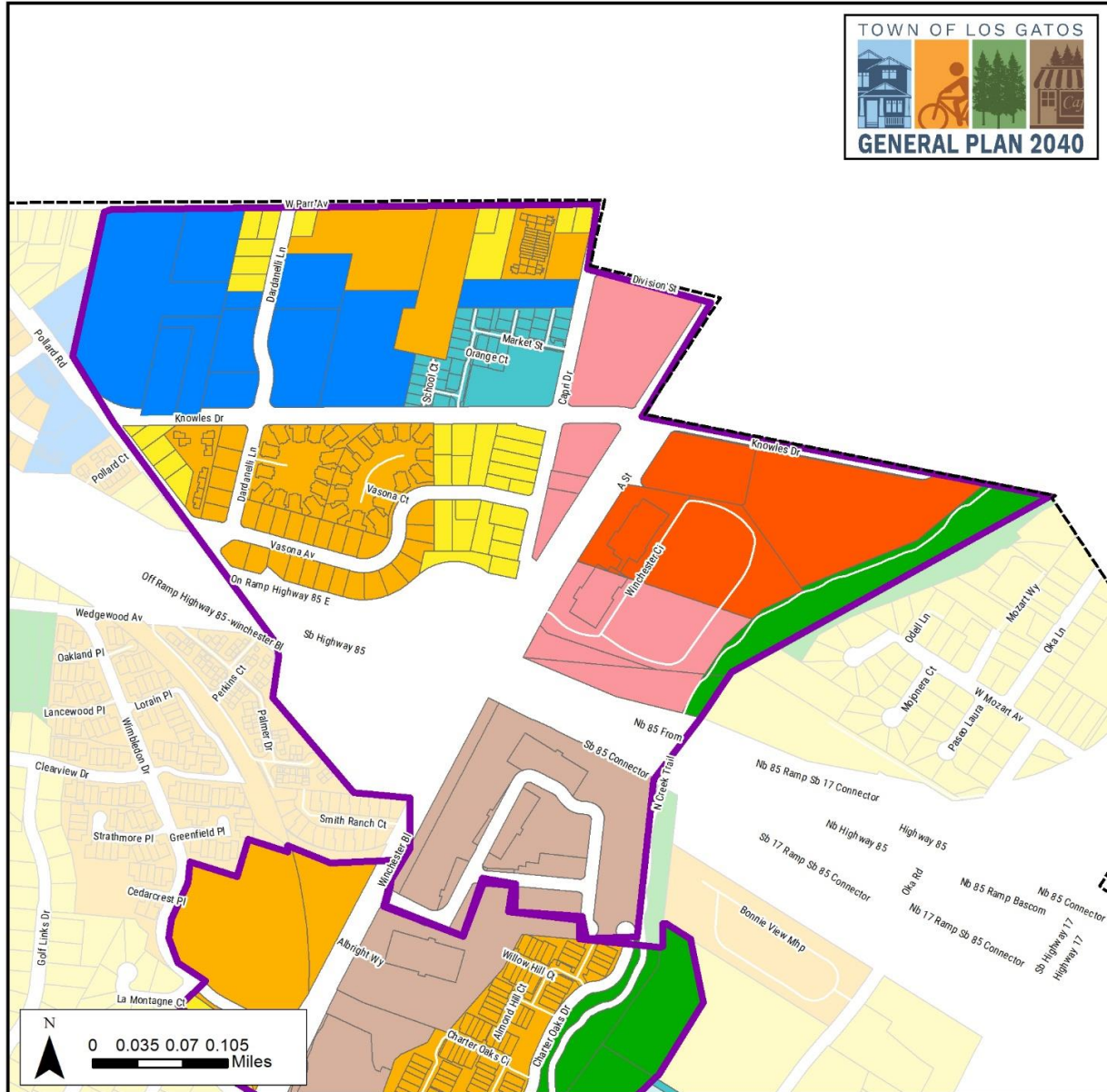
- Office Professional

- Neighborhood Commercial
- Community Commercial
- Mixed Use Commercial
- Service Commercial
- Light Industrial
- Albright Specific Plan
- North Forty Spec Plan

- Town of Los Gatos

- Community Place Districts

**Figure 9: Winchester Boulevard District**



- |  |   |  |
|--|---|--|
| <b>Land Use Designation</b>  |  Office Professional     |  Town of Los Gatos         |
|  Open Space                 |  Neighborhood Commercial |  Community Place Districts |
|  Agriculture                |  Community Commercial    |  |
|  Public                     |  Mixed Use Commercial    |  |
|  Hillside Residential       |  Service Commercial      |  |
|  Low Density Residential    |  Light Industrial        |  |
|  Medium Density Residential |  Albright Specific Plan  |  |
|  High Density Residential   |  North Forty Spec Plan   |  |
|  Central Business District  |   |  |



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 7

DESK ITEM

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DATE: November 17, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Provide Direction for the Land Use and Community Design Elements of the General Plan.

**REMARKS:**

Attachment 8 contains a public comment submitted by a member of the General Plan Update Advisory Committee (GPAC).

**Attachments previously received with the Staff Report:**

1. Preferred Land Use Alternative Framework
2. How to Meet the Housing Needs of Los Gatos
3. Housing Production Estimated Under 2040 General Plan
4. FAR Comparison Graphics
5. Land Use Designations and Development Standards Table
6. Land Use Diagram
7. Land Use Diagrams for Community Place Districts

**Attachment received with this Desk Item:**

8. Public Comment

**PREPARED BY:** Jennifer Armer, AICP  
Senior Planner

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

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Date: Nov.17, 2020

From: Lee Quintana  
To: Town Council  
Re: Council Discussion on the Draft Land Use and Community Design Element.

**Introduction:**

It appears to me that the concept of Missing Middle Housing is somewhat of a paradox in that it looks both forwards and backwards.

It looks to development patterns that evolved organically into compact walkable neighborhoods prior to the development of zoning becoming the norm, which resulted in the separation of uses. It looks forward by incorporating the patterns and characteristics of pre-1940 development into current planning and development concepts that will result in compact, walkable neighborhoods that encourage social interaction, provide a variety of housing types and unit sizes to help meet the need for additional housing and that is within a *5 to 10 minute walk* of retail centers

**Missing Middle Housing in more detail:**

The following statements are from Missing Middle Housing, Thinking Big and Building Small to Respond to Today's Housing Crisis" by Daniel Parolek. Daniel Parolek developed the concept of "Missing Middle Housing" and the diagram in tonight's Agenda Packet which illustrates the concept.

The term middle has two meanings.

- First, and most important, it represents the middle scale of buildings between single family and large apartment/condo buildings.
- Second, middle relates to affordability or attainability level. Form and scale of building is what matters not the number of units.

Simple definition of Missing Middle Housing is a range of multi units or cluster housing types compatible in scale with single family homes, that help meet the growing demand for walkable urban living, responding to shifting neighborhood demographics and the need for more housing choices and price points. *Many of these types accommodate 4-8 units in a building or lot... At the upper end of the spectrum they can be up to 19 units per building.(emphasis added)*

**Characteristics of Missing Middle Housing**

- Work best in existing or newly built walkable neighborhoods. Walkable does not mean recreation walking on trails or paths, but walkability to a destination.
- Lower perceived density but enough density to support services and amenities but in forms that are not perceived as high density; multiple units within a structure that is the

scale and mass of a single family structure, i.e. a structure that is perceived as a single family unit even if the structure contains more than one unit.

- Small building footprint
- Smaller homes which are well designed, comfortable and livable.
- Attached units with a private door directly off a stoop or off a porch rather than an entrance through a long interior hallway
- Thoughtful approach to parking (i.e. reduced off site parking requirements)
- May be either rental or ownership
- Simple construction: type V construction, which is comparatively less expensive to build, is less risky and often easier to finance than type I or II construction. Simple form, small size, higher yields, V type of construction help developers to maximize affordability and returns without compromising quality.
- Two/ two and a half stories with a limited number of 4-5 stories in specific areas.

Unfortunately, the solution is not as simple as building more multifamily or single-family housing using conventional housing models, making minor adjustments to our planning and zoning (such as simply increasing density) or making simple refinements to other systems related to building, financing, and selling homes. Rather we need a complete paradigm shift in all these systems and the way we think about and communicate about housing - no small task. “ (Introduction - page 3)

Zoning is too blunt an instrument to implement the concept of Missing Middle Housing.

Not all areas are candidates for increasing density using the concept of missing middle housing. It is necessary to identify specific areas that fall into the following categories:

- Maintain”
- Evolve
- Transform

“Understanding the role and characteristics of Missing Middle Housing types, the barriers to building them that need to be overcome, and how to effectively communicate about these housing choices will enable you to be part of the solution to the growing housing crisis whether you are a planner, architect, politician, developer/builder, city leader, or community member.” (Introduction - page 4)

“After a century of development and planning focused on delivering single-family homes to the detriment of our cities and the earth, and at prices that are less and less attainable to all but the wealthy we all need to act to respond to the housing issues in our communities and deliver housing choices in walkable urban environments at a variety of price points and that deliver more sustainable development patterns. Delivering homes is the goal. ....I hope this book plays a role in people working together to define a new equitable, attainable, and sustainable American Dream.” (Preface xix:)



“If you walk down any tree lined street in a pre-1940’s neighborhood in any city across the country and look very closely you will notice that some of the buildings are not quite like the others. Some buildings will look and are the scale of single family houses but have two doors or four gas meters, which means they are multiple units. These buildings are often a seamless part of a street and block with mostly single family homes. These housing types, such as duplex, fourplex, cottage courts and courtyard buildings are examples of missing middle housing. . . .They provide some housing choices and can help people stay in the neighborhood as their lifestyle changes. They can provide a broad range of affordability as well. They often consist of smaller but well designed units and are within walking distance to amenities such as restaurants, coffee shops, small grocery stores, transit and more.

“Due to shifting demographics and market interest there is a tremendous mismatch between the available housing stock in the United States and the type of housing people want and need. The post World War II auto-centric, single family developer model no longer meets the needs of a large percentage of the United States population. The household and cultural demographics have shifted dramatically - nearly 30 percent of all households are now single persons. By 2035 one in five Americans will be over the age of 65 and households without children will make over 84% if change in households between 2015 and 2025. Baby boomers and millennials are increasingly saying no to the suburbs and choosing a walkable urban lifestyle.”  
(Introduction-pages 1 &2)

“In addition, cities across the country are struggling with the lack of affordable housing, while development pressures are delivering McMansions or other inappropriately scaled housing, and NIMBYs . . . are pushing back strongly against any housing that is not single family detached. It is difficult for developers to deliver homes at attainable prices due to rising costs and increasingly complex entitlement processes.

“The reality in most cities is that their planning and regulatory systems are barriers to delivering the housing choices that communities need. Density - and use based planning and zoning were established to separate uses and create suburban environments, which makes it difficult, or impossible, to mix forms, uses and types that result in walkable mixed-use neighborhoods similar to the ones that formed organically before zoning was common place in the United States before the 1940’s (Introduction - page 2)

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