

Disclosure and transparency

Two gaps in how Los Gatos awards community grants — and what Policy 2-04 could require

Phase 3 of the Community Grant Program review

Finance Commission · Mayor and Town Council · Town Manager · Town Attorney

Prepared by a member of the Finance Commission in an individual capacity. States no position of the Commission. A possible motion is set out at the end.
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“Wherever the people are well informed they can be trusted with their own government.”

Thomas Jefferson to Richard Price, January 8, 1789

Where this starts: the Town's own answer

In July the Town was asked what Policy 2-04 requires when a decision-maker has a connection to an applicant.

The Town's written response:

Policy 2-04 “does not expressly establish a general requirement to disclose a financial conflict, recuse from the decision, and document the conflict in the official record.”

The response came from the Town Manager's office, and it stated that it was not a legal opinion. That is fair, and it does not weaken the point. No legal opinion is needed to say what a written policy does and does not contain — that is a matter of reading it, and anyone can check.

Read plainly, that means this: a Council member may vote public money to an organization they know well — a board they sit on, a friend who runs it, a group that backed their campaign — and no rule of this Town requires them to say one word about it, before the vote or ever.

Said plainly at the start

I may have this wrong. If there are documents I have not found — a policy, a practice, a fuller record of disclosures than the one I located — I would like to see them, and that would be the end of it.

Five situations, tested two ways

Each is tested first against the rules that exist — and then against the real test:

What would a resident need to see in the file to know the award was made fairly?

The situation	Los Gatos today	California law	San Francisco	What the resident needs
A member's partner sits, unpaid, on the applicant's board	Nothing	Nothing. The disclosure form reaches a spouse and dependent children only	Disclosed on the record	Stated before the vote
A member sits on the applicant's board	Nothing. A commissioner would be barred	The interest must be noted; abstention where the member is a paid officer	May not hold the seat at all	Stated — and the member steps aside
A director or officer of the applicant is a close friend	Nothing	Nothing	Disclosed on the record	Stated before the vote
The member volunteers regularly with the applicant	Nothing	Nothing. Volunteering is not an interest the law tracks	Disclosed — regular contact through volunteer activities	Stated before the vote
The member attends the applicant's fundraisers, and it backed his campaign	Nothing	Nothing. No statute reaches regular contact where nothing was paid	Disclosed — regular contact through charitable activities	Stated before the vote

Under the Town's own rules the answer is the same in all five: nothing has to be said and nothing is recorded, because there is no rule to break. In four, one line in the minutes is all the resident needs. Where the member holds a seat on the applicant's board, stepping aside should follow.

Why nothing was required

Four documents could carry the rule — here is what each does. Roughly \$207,500 will be awarded in FY 2026-27 across the sustaining and competitive tracks.

Policy 2-04

Council Code of Conduct

One disclosure duty, and it reaches land use only. Nothing on grants.

Who must disclose: **Land use only**

Policy 2-19

Commission Code of Conduct

Bars a commissioner on a Town-funded nonprofit board from grant selection.

Who must disclose: **Barred**

Grant Rules

Rules and scoring rubric

Twenty-one questions, eight criteria. No conflict-of-interest provision anywhere.

Who must disclose: **Nothing**

Grant Agreement

The contract with the grantee

The FY 2026-27 form adds a clause. The executed agreements before it had none.

Who must disclose: **Grantee only**

None of the four requires anyone to disclose a relationship with an applicant. The one rule that does reach a nonprofit board seat sits in the code governing the unpaid volunteers.

The Town Council repealed the rule it had on this

Repeal was never recommended — both drafts before the Council would have made the provision stronger — and it was never separately moved, discussed, or voted.

What Section VIII.E said

- A Council member could not sit on the board of a nonprofit receiving Town funding or in-kind support,
- unless the role served a legitimate Town purpose and the full Council approved.
- A separate sentence extended the policy to the Town's boards, committees and commissions.

Both were repealed by the Council on August 19, 2025. The change matrix records the line simply as “Removed.” A rule for commissioners was adopted the same night — see the next slide.

1

Two drafts, both tightening it

June 17, 2025

Each would have required the role to be uncompensated, required Council approval, required the interest to be noted in the official records, and required the member to step aside. The change matrix called the proposal more restrictive and precise.

2

Removed by consensus

June 17, 2025

The minutes record a consensus to remove it. No motion, no vote. The same evening a separate restriction was suspended by formal motion and roll call — so the record shows what a decision here looks like.

3

Repealed on the consent calendar

August 19, 2025

The Council adopted the revised policy as item 9, in a single motion covering consent items 1 through 10. That adoption repealed the provision. No Council discussion is recorded, and the repeal was never separately flagged or voted.

The same night: kept for one group, dropped for the other

Item 9 removed the provision from the Council's code. Item 10 adopted a Commission code containing it.

Policy 2-19, Section IV.E:

“Commissioners that sit on boards of directors of non-profit organizations which receive funding or in-kind contributions from the Town may not participate in the Community Grant Program selection process.”

	Commissioners — Policy 2-19 Appointed volunteers who recommend	Council members — Policy 2-04 Elected members who appropriate
Nonprofit board seat, and taking part in grant decisions	May not take part in grant selection	No provision
Information from outside the public record	No ex parte contact at all	Disclosed before deliberations — land use only
Conflict of interest training	Planning Commissioners only	Required, covering \$1090, incompatible offices and bias
Disclosing a relationship with an applicant	None	None

Stated fairly: Council members receive more training, commissioners more restraint. The one binding rule on nonprofit boards and grants applies only to the volunteers.

Why “the law already covers this” is not an answer

It is the most likely objection to a Town rule. Policy 2-04’s own text closes that door twice.

1. The policy promises standards above the law

What it says

The Council holds its members “to standards of conduct above and beyond what is required by law,” and says good governance “depends on transparency, accountability, and mutual respect.”

What is actually there

On grant conflicts the policy goes not one inch beyond the law — it contains nothing at all. The law was supposed to be the floor. Here the floor is all there is.

2. The policy promises enforcement

What it says

The same August 2025 revision built a full complaint process — written complaints through the Clerk, review by the Town Attorney and Town Manager, and five sanctions up to censure and loss of the mayoral rotation.

What is actually there

A complaint must cite the provision that was violated. On a grant award there is no provision to cite — so no complaint about an undisclosed relationship can even be filed. The machinery was built in the same revision that removed the standard.

So the objection fails on the policy’s own terms. It exists precisely to require more than the law — its words, not mine — and on the awarding of public money it requires nothing.

Why “the Council didn’t pick the grantees” is not an answer either

The scoring was done by commissioners. That is an argument for the rule, not against it.

The rule reaches the scorers

The motion amends Policy 2-19 as well as 2-04. San Francisco’s regulations cover exactly this structure — a commission votes the grant and another body approves the agreement, and the member is still covered.

Today the commissioners who score have no disclosure duty at all, and outside the Planning Commission receive no conflict-of-interest training.

The Council is never out of the money

The Council created the program, appropriates every dollar in it, and voted the supplemental sustaining awards itself on August 4, 2026.

Public money moves only on decisions Town officials make — some at the scoring table, some at the dais. The duty follows the decision, wherever it sits.

“Changes nothing” cuts the other way

If nothing would ever be disclosed, the rule costs twenty seconds a year — and proves the clean years clean.

The February 2020 recusal shows the relationships are real. A record that usually comes back empty is not window dressing. An empty record is the point of keeping one.

The objection names the very gap it defends: the people who score the applications are the ones no rule asks anything of — and it invites a closer look at the process itself, which is where this goes next.

The scoring card is a tool. The process is what makes it fair.

The Council approved “a standardized fair and competitive process” in February 2020, then approved the rubric that June. That report sets out how awards are actually decided.

Who scores

A committee of members of the Arts and Culture Commission, the Community Health and Senior Services Commission, and one Youth Commission representative.

Not staff. Town officials, sitting on a committee whose composition the Council approved.

How it decides

Each member scores every application individually. Staff averages the individual scores. Grants go to the top scores until the money runs out.

There is no deliberation step anywhere in the process — not in public, and not in private. The outcome is arithmetic.

What the public sees

The rubric is published when applications open. That is the only transparency provision in the report.

The scores are not published — not in the Council materials, not on the Town’s grant pages. No agenda, no minutes, no recorded vote, because the approved process never contemplated a meeting at all.

The Brown Act question this raises

Government Code section 54952(b) makes a committee created by formal action of a legislative body a legislative body itself — advisory or decision-making, permanent or temporary. The exception for bodies below a quorum reaches only committees made up of members of the legislative body itself, which this is not. Whether the February and June 2020 approvals created this committee is a question for the Town Attorney, but it is a question that should be answered.

A scoring card makes a decision consistent. Only a public meeting makes it visible. The Town adopted the tool and left out the process.

The Town already requires this — for land use decisions only

Policy 2-04 does contain a disclosure duty: mandatory, before the vote, on the record. It stops at land use — and yet the same mechanic has already been used on a grant.

Section VIII.C.1, in full:

APPLIES TO LAND USE MATTERS ONLY

“Council Members shall disclose ex parte communication and any information obtained outside of the public record that may influence his/her decision on a matter pending before the Town Council. Council disclosure shall occur before Council deliberations.”

Three things make it work

- Mandatory — “shall,” twice, in a policy written almost entirely in “should.”
- Before the decision, not after the vote.
- On the record — what was learned outside it is put into it.

And it has already happened on a grant

On February 4, 2020 — on the item updating this very grant program — a Council member stated on the record that she was employed by one of the recipients, left the Chambers, and the minutes recorded it. The vote proceeded.

That was a financial interest, which the law already reaches. The mechanic is the same one proposed here.

Land use decisions only — by the policy's own next paragraph

Section VIII.C.2 gives the quasi-judicial decisions the rule is written for: certain land use entitlements, permit appeals, and license revocations. An award of public money is not among them.

So this is not a new kind of rule, and it is not untried here. It is the rule the Town already uses, applied where public money is awarded.

Even where the law allows participation, it requires a record

State law is often read as permitting an unpaid nonprofit board member to take part. The condition attached is less often noticed.

Officer or employee of the organization

A remote interest. Disclosed, noted in the official records, and the member abstains.

Unpaid member or director

A non-interest. The member may take part — but the interest must still be noted in the records.

Does this reach a grant at all?

An FPPC advice letter of July 2026 says Section 1090 applies to grants a council makes to a nonprofit. Written for another city and binding no one here — but the reading is the FPPC's, not mine.

Every route through that statute produces a document. A Town that keeps no record cannot show it met the condition it relies on.

What two other California cities require

Both are ordinary published rules a resident can read. Los Gatos requires none of them of its Council members.

Palo Alto

- Conflict of interest, common law bias, or any other legal prohibition are each named as grounds for stepping aside.
- Stepping aside on a consent item is stated to the Mayor and recorded by the Clerk.
- A member may step aside voluntarily to avoid an appearance of impropriety.

San Francisco

- Any personal, professional, or business relationship with someone who is the subject of a decision must be disclosed on the public record.
- It goes in the minutes, or in a memorandum on file if the decision is not made at a meeting.
- The regulations work a grant example: a commission votes to award a grant to a nonprofit, and another body approves the agreement. The member is still covered.
- A separate rule bars a City officer from a board that contracts with the officer's department.

San Francisco defines the three relationships, so the duty is not left to judgment

Personal

A family member or a personal friend. A mere acquaintance does not count.

Professional

Regular contact in a professional capacity, including volunteer and charitable activities.

Business

Within two years, a client, business partner, colleague, or someone who did business with the official's business.

The rule has published limits. It reaches only relationships arising from private life, not those formed solely through Town duties — an applicant a member knows only from appearing before a Town body is not disclosable — and a mere acquaintance does not count.

Two decisions, and no way to see whether they are connected

An organization supports a candidate. The candidate later votes on that organization's grant. They may be entirely separate decisions — nothing in the record lets anyone tell.

Support of that kind rarely arrives from strangers

It follows years of contact — attending fundraisers, appearing at events, working alongside the same people on the same causes. The public act is the visible part of a relationship that already existed, and that relationship is what shapes how the later vote looks.

That is already a defined relationship

Regular contact through volunteer and charitable activities is the professional relationship San Francisco defines on the previous slide. Attending an organization's events over years is the ordinary case of it, not a stretch.

No dollar figure appears in that definition. Whether anything was spent is beside the point — the trigger is the contact.

The Town already names this concern

Bias is one of the seven subjects Policy 2-04 requires Council members to be trained on. The policy provides no procedure by which bias is disclosed, recorded, or addressed. The training names the problem; nothing follows it.

The point is not that the two decisions were connected. It is that they may be entirely separate and no one can show it. Everyone — the member most of all — is better off if it is on the record.

Setting the ethics bar at the highest level

Policy 2-04's own opening holds Council members “to standards of conduct above and beyond what is required by law.” That sentence sets the ethics bar at the highest level. It has simply not been given effect here.

The floor

Statutes mark the point at which conduct becomes unlawful. That is all they do. They were never written to describe how the people who decide where public money goes ought to behave.

The gap

Everything the Town chooses to require above that floor is ethics. Policy 2-04 exists to occupy that gap. On this question it currently occupies none of it.

The ethics bar

Set at the highest level: high enough that a resident reading the file afterwards could not find even a hint of bias in an award of public money. Not merely lawful — visibly clean.

What the highest ethics bar requires in practice

1

Say it before the vote

A connection to an applicant is stated before the item is decided.

2

Define what counts

Personal, professional and business relationships, and public support given or received.

3

Include family and close relationships

A spouse's, partner's or child's connections so far as known, a close personal friendship, and any other relationship giving an appearance of bias.

4

Write it down

Into the Town's records, with the minutes rule amended to say so — consent items included.

5

Say it out loud when stepping aside

If a member sits an item out, that is stated at the meeting and recorded.

6

Step aside where disclosure is not enough

Required where the member holds a seat on the applicant's board; permitted at any time to avoid an appearance of impropriety.

Numbers 1 and 4 are already the Town's practice on land use; number 5 was done on a grant item in 2020. Disclosure carries almost all of it — and even the one recusal is narrower than the bar commissioners live under, which keeps them out of the selection process entirely.

When the FY 2026-27 grants come to a vote

None of this waits for an amended policy. Nothing in Policy 2-04 prevents a member from stating a relationship on the record, and the Town already does exactly this on land use items.

What a member would say, before the vote

“Before we take this item up I want to note for the record that I have attended this organization's events over several years and know several of its directors. I hold no position with it and no financial interest. I intend to take part in the vote.”

About twenty seconds.

What the Clerk would write

“Prior to consideration of Item __, Council Member __ disclosed a professional relationship with an applicant organization and stated no financial interest. Council Member __ participated in the vote.”

One line.

Nothing to adopt first

No amendment is needed. Nothing in the policy prevents it.

Nothing is delayed

No award held, no payment deferred. Under a minute added.

Almost nobody leaves

The member states it and votes. A seat on the applicant's board is the one exception.

Nothing is found

No conclusion is reached about anyone's conduct.

The amendment would make this consistent and durable. It was never what made it possible. Waiting for a policy is not what stands between the Council and doing this — nothing does.

And it protects the organizations as much as anyone. What puts a grant at risk is an award no one can later show was made cleanly.

What is being asked

The Commission recommends; the Council decides. No finding about any past decision is sought, and none is offered.

A motion, if the Commission is minded to make one

That the Commission recommend the Council:

1. Direct a draft ordinance, back within 90 days, on the model of San Francisco C&GC Code section 3.214 — relationships and public support disclosed before the item and recorded, with the member stepping aside where a board seat is involved.
2. Require scoring in noticed public meetings, with the rubric, the scores and the ranking published.
3. Make the conforming changes to Policy 2-04, Policy 2-19 and the minutes practice, and adopt before July 2027.
4. Apply the same disclosure to any remaining FY 2026-27 grant action in the meantime.

An ordinance, not a policy — a policy can be repealed on a consent calendar with no discussion recorded.

Also asked of the Town

- Where past disclosures and recusals on grant items are recorded.
- Whether the scoring committee is a Brown Act body, and where its records are.
- Where the individual scores are published.
- Whether grant scorers receive conflict-of-interest training.

The full list is in the transmittal.

Nothing waits for any of this. A relationship can be stated and recorded at the next grant vote — a record, not a delay.

As said at the start, I may have this wrong. If the documents are there, I would be glad to see them.