



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/21/2025

ITEM NO: 7

DATE: October 16, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Authorize the Town Manager to Negotiate and Execute an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies, including any optional services as directed by the Town Council, in the Amount Not to Exceed Amount of \$250,500 and Authorize an Expenditure Budget Adjustment up to \$250,500 from the Available Unassigned fund Balance**

RECOMMENDATION: Authorize the Town Manager to enter into an Agreement with NHA Advisors, LLC (NHA) to deliver Fiscal Condition Analysis, Fiscal Impact Analysis, Asset Liability Management, and Wildfire Risk Mitigation Studies including any optional services as directed by the Town Council, in the not to exceed amount of \$250,500; and authorize an Expenditure Budget Adjustment of \$250,500 from the available Unassigned fund Balance.

FISCAL IMPACT:

The requested budget adjustment in the amount of \$250,500 will reduce the Town's Unassigned Fund Balance. This amount reflects the full cost of all proposed services, including optional components. The final agreement amount may be lower, depending on the specific services selected by the Town Council.

STRATEGIC PRIORITY:

This initiative supports the Town's strategic priority of ensuring prudent financial management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town's assets, efficiencies, partnerships, and revenue streams. The study is a material component in identifying the path to support this priority.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

This initiative supports the Town's core goals of:

- **Fiscal Stability:** Providing independent, data-driven forecasts and risk assessments to ensure sustainable financial planning.
- **Community Character:** Evaluating fiscal impacts of growth to balance economic vitality with quality-of-life considerations.
- **Good Governance:** Developing clear, auditable tools for decision-making and aligning long-term fiscal strategies with policy objectives.

BACKGROUND:

At its meeting on April 14, 2025, the Finance Commission discussed draft scopes of work for a Fiscal Impact Analysis and a Fiscal Condition Analysis with a Five-Year Projection. After reviewing the objectives and overlaps between the two scopes, the Commission recommended consolidating them into a single RFP process with three separate line items: (1) Fiscal Condition Analysis and Five-Year Forecast, (2) Long-Term Outlook to 2040 aligned with the General Plan and Housing Element, and (3) a standalone Asset Liability Management Study.

The Commission emphasized scenario planning, stakeholder engagement, transparency in methodology, and clear articulation of questions to be addressed regarding the Town's short- and long-term fiscal condition and the fiscal impacts of projected development under the 2040 General Plan and Housing Element. Based on the Commission's feedback, staff prepared a draft RFP (Attachment 2), which was approved on August 11, 2025. The RFP was issued on August 20, 2025, and closed on September 22, 2025. Responses to questions were posted publicly (Attachment 3).

DISCUSSION:

The Town received five proposals in response to the RFP. While the RFP did not require firms to address all three studies, it was encouraged where feasible. Of the five proposals submitted, two firms did not demonstrate experience in the State of California.

Three staff members independently reviewed and evaluated the proposals, ranking them based on quality. Upon comparison, the rankings were found to be consistent across all three reviewers. NHA ranked the highest with the reviewers. The highest-ranked firm submitted proposals for all three studies and also included an optional Fire Risk Assessment Study (Attachment 1). If the Council wishes to include this additional study, staff will work with the firm to determine the most appropriate level of optional services for the Town.

NHA Advisors, LLC submitted a proposal to provide Study 1: Fiscal Condition Analysis and Study 2: Fiscal Impact Analysis for the Town of Los Gatos. Their proposal represents a collaborative effort among three experienced firms:

- **NHA Advisors, LLC** – Lead advisor and project manager for Studies 1 and 2

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- **Raftelis Financial Consultants, Inc.** – Subconsultant for Study 1
- **Willdan** – Subconsultant for Study 2

NHA has previously worked with both Raftelis and Willdan on similar projects in California. Their approach emphasizes collaboration, scenario-based modeling, and practical tools that Town staff can use independently.

NHA Advisors, LLC also submitted a separate proposal to provide Study 3: Asset Liability Management (ALM) services as requested in the Town’s RFP. For this task, NHA is the sole service provider, independent of the team assembled for Studies 1 and 2. In addition, NHA included an unsolicited proposal for an optional Study 4, which would develop a long-term funding plan for wildfire risk mitigation in Los Gatos.

NHA brings extensive experience advising California public agencies on CalPERS-related liabilities, debt management, and OPEB strategies. Their approach emphasizes integration with the fiscal condition model developed in Study 1, allowing for scenario planning that accounts for:

- CalPERS performance volatility
- Infrastructure impacts from new development
- Adequacy of cash reserves to withstand “Black Swan” events (e.g., wildfires)

The proposal highlights NHA’s ability to translate complex financial data into clear, actionable insights for decision-makers and the public.

NHA also reaffirmed acceptance of the Town’s Sample Consultant Services Agreement and designated Mark Northcross as the primary contact authorized to bind the firm.

Proposed Project Timeline by Month After Contract Execution:

Month	Study 1: Fiscal Condition Analysis (Raftelis)	Study 2: Fiscal Impact Analysis (Willdan)	Study 3: Asset Liability Management (NHA)
Month 1	Project Initiation	Project Initiation	Project Initiation
Month 2		Data Collection and Review	Inventory and Evaluate Liabilities
Month 3	Assess Financial Condition		

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Month	Study 1: Fiscal Condition Analysis (Raftelis)	Study 2: Fiscal Impact Analysis (Willdan)	Study 3: Asset Liability Management (NHA)
Month 4	Develop Forecasting Model	Develop Fiscal Revenue and Cost Inputs	Funding Needs and Risk Reduction Analysis
Month 5	—	—Complete 20-Year Fiscal Impact Analysis	ALM Modeling
Month 6	Final Reporting & Knowledge Transfer	Finalize Fiscal Impact Model	Reserve Guidance

Contract Cost Summary:

Raftelis proposes to conduct the Fiscal Condition Analysis (Study 1) for a base cost of \$105,500, with optional services—such as gap closure strategies and Council decision support—bringing the total to \$165,000 if selected. Willdan submitted a fixed fee proposal of \$18,000 for the Fiscal Impact Analysis (Study 2), which includes up to two meetings, with additional services billed hourly if needed. NHA Advisors proposes to lead the Asset Liability Management Study (Study 3) on a time-and-materials basis, with a not-to-exceed budget of \$50,000, covering liability evaluation, risk analysis, modeling, and reserve guidance. NHA also offers an optional Wildfire Risk Mitigation Study (Study 4) for up to \$45,000, which includes GIS analysis and funding strategy development, with additional optional tasks potentially adding up to \$25,000. In addition, NHA proposes to serve as Team Manager for Studies 1 and 2, coordinating across firms for a not-to-exceed amount of \$17,500.

Study / Task	Firm	Fee Type	Estimated Cost	Notes
Study 1: Fiscal Condition Analysis	Raftelis	Fixed Fee	\$105,500 (base) \$165,000 (with options)	Includes forecasting model, reporting, and optional gap strategies & Council support
Study 2: Fiscal Impact Analysis	Willdan	Fixed Fee	\$18,000	Includes 2 meetings; additional services billed hourly

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Study / Task	Firm	Fee Type	Estimated Cost	Notes
Study 3: Asset Liability Management (ALM)	NHA	Time & Materials (Blended Rate: \$285/hr)	\$35,055 – \$49,875 Not-to-Exceed: \$50,000	Includes modeling, reserve guidance, and liability analysis
Optional Study 4: Wildfire Risk Mitigation	NHA	Time & Materials	Not-to-Exceed: \$45,000	Includes GIS work; optional tasks may add up to \$25,000+
Team Management for Studies 1 & 2	NHA	Time & Materials	Not-to-Exceed: \$17,500	Approx. 50 hours of coordination across firms

If all services—Studies 1, 2, and 3 with options, along with the optional wildfire risk mitigation study—are included, the total not-to-exceed amount for the agreement is \$250,500.

RECOMMENDATION:

Staff is requesting that the Town Council provide direction regarding which services to include in the agreement. If all services—Studies 1, 2, and 3, along with the optional wildfire risk mitigation study—are included, the total not-to-exceed amount would be \$250,500. If the Council chooses to include only selected services, the agreement will be tailored accordingly to reflect those areas.

Based on the Council’s direction regarding optional services, staff will prepare the draft agreement. To ensure timely initiation of work, staff recommends that the Town Council authorize the Town Manager to negotiate and execute an agreement with NHA Advisors for all three requested services, in an amount not to exceed \$250,500.

ALTERNATIVES

The Town Council may consider alternative approaches to the proposed scope of work, which would affect total cost and fiscal impact:

1. Proceed with All Studies (Recommended Option) — Approve all studies including optional components for a not-to-exceed amount of \$250,500. This option provides the most comprehensive fiscal analysis, aligning with long-term financial planning objectives.

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2. Remove Optional Study Components — Excluding the optional elements (Wildfire Risk Mitigation Study and optional tasks within Study 1) would reduce total project costs to approximately \$180,000 to \$190,000, depending on final scope adjustments. This would lower the immediate budget impact by roughly \$60,000 to \$70,000 while maintaining delivery of the three core studies.

3. Select Individual Studies Only — The Council may choose to fund only one or two studies (e.g., Fiscal Condition and Impact Analyses) at an estimated combined cost of \$120,000 to \$130,000. This would provide partial insights but limit integration between financial forecasting and liability management.

Reducing the scope will proportionally reduce the Unassigned Fund Balance adjustment. However, omitting optional studies may limit the Town's ability to evaluate long-term wildfire risk and related fiscal exposures, which could affect future budget forecasting accuracy.

COORDINATION:

This item was developed with the coordination of the Town Manager's Office, the Town Attorney's Office, and the Community Development Department.

Attachments:

1. NHA Proposals
2. Request For Proposals: Fiscal Condition Analysis With Five-Year and Long-Term Forecast, Fiscal Impact Analysis, and Asset Liability Management Study
3. Date issued: questions and answers provided