



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 01/21/2025

ITEM NO: 11

DATE: January 16, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Pass-Through Agreement with CSG, Inc. for Review and Inspection of Encroachment Permit Applications Related to Comcast Infrastructure; and Authorize Revenue and Expenditure Budget Adjustments in the Amount of \$200,000 to Recognize the Comcast Deposit Revenue and Associated Expenditure for CSG Review Services

RECOMMENDATION:

Authorize the Town Manager to execute a pass-through agreement with CSG, Inc. for review and inspection of encroachment permit applications related to Comcast infrastructure; and authorize revenue and expenditure budget adjustments in the amount of \$200,000 to recognize the Comcast deposit revenue and associated expenditure for CSG review services.

BACKGROUND:

Encroachment permits are used by the Town to control work in the public right-of-way ("ROW"). Encroachment permit applications vary in scope from general maintenance activities such as inspection of overhead electrical appurtenances from a bucket truck to installation of new facilities such as fiber optic lines buried along the side of the road. Encroachment permit applications are required to ensure Town Codes are followed and work in the ROW is done safely with proper traffic control that accommodates all modes of transportation through the work area.

The Town has received a large increase in encroachment permit applications due to the expansion of new telecommunication technologies in the area, including fiber optic to homes. Frontier, AT&T, and Zayo have submitted 62 encroachment permit applications in the past year and a half that impacts most areas of the Town. Comcast has now begun submitting applications for their improvements in Los Gatos.

PREPARED BY: James Watson
Senior Civil Engineer – Land Development

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

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DISCUSSION:

Comcast has ambitious goals to improve service in the Town to serve residents interested in this new communication technology. Current staff does not have the capacity to review the applications in a timely manner and provide the subsequent inspections necessary to ensure the Town's interests are protected. Parks and Public Works issued a Request for Qualifications for On-Call Services in September 2023 and the Town Council approved the list of on-call consultants on February 20, 2024. CSG Consultants, Inc. ("CSG") was one of the firms approved to provide on-call services.

The proposed agreement would provide authorization to augment Town staff with services from CSG to review encroachment permit applications and inspect the work performed during the installation of facilities. The agreement is a pass-through arrangement meaning that Comcast will pay a deposit to the Town and the invoices from CSG for Comcast related services will be paid from the deposit.

The Town has executed three previous pass-through agreements with CSG for the review and inspection of encroachment permit applications from Frontier, AT&T, and Zayo. The cost of these reviews and inspections are fully funded by the encroachment permits applicants. Over time, staff will consolidate other telecommunication contracts, but at present, the Town has separate contracts with CSG for the work of Frontier, AT&T, and Zayo.

CONCLUSION:

If approved, the requested action will ensure that the Town provides a high level of service in both the quality and expediency of reviews and inspections for Comcast application.

COORDINATION:

This staff report has been coordinated with Finance Department and Town Attorney.

FISCAL IMPACT:

Staff recommends authorization of the proposed agreement with CSG to provide review and inspection services related to Comcast infrastructure. The proposed revenue and expenditure budget adjustments in the amount of \$200,000 will recognize the Comcast deposit revenue and to authorize expending for the third-party encroachment permit review services. The proposed contract will be a pass-through contract with a not-to-exceed ("NTE") amount of \$500,000. The additional \$300,000 will be recognized through the annual budget process. When the Comcast deposit is nearly exhausted, the Town will request supplemental funds from Comcast based on

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the projection of future work. The current hourly billing rates for CSG will be included in the contract and include inflationary increases annually.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. CSG Agreement
2. CSG Agreement Exhibit A: Scope of Services
3. CSG Agreement Exhibit B: Fee Schedule