



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 01/20/2026

ITEM NO: 12

DATE: January 13, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Third Amendment with Chavan & Associates, LLP. to Extend the Contract for One Year and Increase Compensation by \$59,000 for a Total Agreement Amount Not to Exceed \$248,000.

RECOMMENDATION: Authorize the Town Manager to execute a third amendment with Chavan & Associates, LLP. to extend the contract for one year, update the scope of the original agreement, and increase the compensation by \$59,000 for a total agreement amount not to exceed \$248,000.

FISCAL IMPACT:

The funds are included in the FY 2025-26 Operating Budget. In the subsequent year, charges will be included in the proposed Operating and Capital Budget.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, it does align with the Town's core goals of good governance, fiscal stability, and quality public infrastructure.

BACKGROUND:

In 2021, the Town of Los Gatos issued a Request for Proposal (RFP) for qualified independent certified public accounting firms to audit its annual financial statement for three fiscal years (FY 2021-22, 2022-23, and 2023-24), with an option to extend the agreement an additional two fiscal years with Town Council approval.

Based upon the proposals, interviews, and reference checks, Town staff, in consultation with the Finance Commission, selected Chavan & Associates, LLP. On December 21, 2021, the Town

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

Council received the Finance Commission's recommendation and authorized the Town Manager to execute a three-year agreement with Chavan & Associates, LLP.

On April 2, 2024, the Council approved the first amendment to the agreement which updated the scope of services and compensation in the contract to include required Transportation Development Act Audits.

On February 18, 2025, the Council approved the second amendment to the agreement which update the scope of service, term, and compensation.

DISCUSSION:

With this third amendment, the Town requests to extend the agreement with Chavan & Associates, LLP for an optional one-year term and amend the agreement to update the term and compensation sections.

The Firm will charge for additional services up to \$4,000 for out-of-scope work on the FY 2024-25 Single Audit due to a delay in receiving audit requests caused by the new Tyler ERP implementation. The work is based on an hourly rate provided in the original engagement letter. The additional charges are included in the amended not to exceed amount.

CONCLUSION:

Staff recommends the Council authorize the Town Manager to execute a third amendment with Chavan & Associates, LLP. to extend the contract for one year and increase the compensation by \$59,000 for a total agreement amount not to exceed \$248,000.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Third Amendment with Chavan & Associates, LLP
2. Engagement Letter – FY 2025-26 Town Audit
3. Second Amendment with Chavan & Associates, LLP
4. First Amendment with Chavan & Associates, LLP
5. Original Agreement with Chavan & Associates, LLP