



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 05/04/2021

ITEM NO: 14

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DATE: April 29, 2021  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Consider Requests for Additional Funding for Special Events and Destination Marketing and Other Town Needs, and Direct Staff on Next Steps.

**RECOMMENDATION:**

Staff recommends that the Town Council consider requests for additional funding for special events and destination marketing and other Town needs, and direct staff on next steps.

**BACKGROUND:**

Prior to the COVID-19 Pandemic, the Town had allocated funds for a streetscape project in Downtown Los Gatos in the amount of approximately \$1.9 million. Once it became apparent that the pandemic would be long-term, non-profit organizations would need extra support, and businesses would need assistance to offer outdoor service options, the Town Council reallocated the streetscape fund to become the Economic Recovery Fund (ERF).

From this funding source, the Town has extended community grants to non-profits serving vulnerable community members, paid for the implementation and on-going rental of krail to form the Temporary Krail Parklet Program, provided a 50% grant match program for private business accessibility upgrades to the temporary krail parklets, funded a holiday light campaign, earmarked grant funding for a Semi-Permanent Parklet program, purchased pre-approved architecture plans and subsidized the engineering for Semi-Permanent Parklets, paid for mask and public health community awareness signage, provided 50% relief of fees for new and modified Conditional Use Permits (CUP), and offered rent forgiveness to tenants in Town owned properties.

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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SUBJECT: Consider Funding Requests and Other Town Needs

DATE: April 29, 2021

BACKGROUND (continued):

Additional funds from the Federal Government, known as the American Rescue Act Plan Act (ARPA), became available in March of 2021 and at its April 6, 2021 meeting, the Town Council allocated a portion of these dollars to additional economic recovery initiatives, non-profit grants assistance, and rent forgiveness. The chart below offers a snapshot of the allocated funds from both the ERF and the ARPA to date.

Expenditure Category	FY 2020/21	FY 2021/22
<b>Economic Recovery Fund (ERF)</b>		
<b>Economic &amp; Community Vitality</b>		
Temporary Krail Parklets: Krail install/deinstall and rental	\$171,528	\$50,000
CUP- 50% fee subsidy	\$50,000	
Temporary Krail Parklets: platform 50% grant match	\$25,000	
Holiday Light Display	\$185,000	
BL waiver for Personal Service	\$40,000	
Semi-Permanent Parklet: construction grants, architecture & engineering subsidy, and application/permit fee subsidy	\$100,000	\$911,500
<b>Non-Profit Assistance</b>		
Rent Forgiveness	\$338,002	
<b>Public Health</b>		
Mask Signage	\$2,500	
<b>Total allocated ERF</b>	<b>\$912,030</b>	<b>\$961,500</b>
<b>Starting ERF</b>	<b>\$1,972,394</b>	
<b>Total allocated funds - FY 2020/21 and 2021/22</b>	<b>\$1,873,530</b>	
<b>Prior Expenditures</b>	<b>\$48,332</b>	
<b>Total remaining/unallocated ERF</b>	<b>\$50,532</b>	
<b>American Rescue Plan Act (ARPA)</b>		
<b>Lost Revenue Replacement</b>	<b>\$1,362,910</b>	<b>\$1,562,536</b>
<b>Economic &amp; Community Vitality</b>		
Semi-Permanent Parklet: construction grants, architecture & engineering subsidy, and application/permit fee subsidy		\$250,000
CUP- 50% fee subsidy		\$50,000
<b>Non-Profit Assistance</b>		
Rent Forgiveness		\$341,452
Direct Grants	\$60,000	
<b>Total allocated ARPA Funds</b>	<b>\$1,422,910</b>	<b>\$2,203,988</b>
<b>Starting ARPA Funds</b>	<b>\$2,844,315</b>	<b>\$2,844,315</b>
<b>Total allocated ARPA Funds</b>	<b>\$2,785,820</b>	<b>\$2,203,988</b>
<b>Total Remaining</b>	<b>\$1,421,405</b>	<b>\$640,327</b>

BACKGROUND (continued):

Aside from the direct funding of programs, the Town Council adopted an Economic Recovery Resolution in June of 2020 with the most recent modifications being approved at the April 20, 2021 Council meeting. This resolution provides support and streamlining for several sectors of the Town's business community, encourages businesses attraction and retention, reduces CUP fees by 50%, reduces parking requirements in private commercial parking lots to support private parklets and outdoor service areas, and provides flexibility for personal services, markets and other non-restaurant conditional uses. Through this resolution and the dedicated funding to the economic recovery initiatives outlined previously, the Town Council continues to demonstrate its commitment to economic recovery in Los Gatos by remaining nimble and adaptive to the dynamic economic environment.

At recent Town Council meetings, including April 6 and April 20, 2021, the Chamber of Commerce and other Los Gatos business stakeholders provided input advocating for and supporting many of the economic recovery initiatives outlined above and have requested additional funds be allocated for expanded economic recovery and community vitality initiatives including Town-wide special events, a weekly closure of N. Santa Cruz Avenue in downtown, and a destination marketing campaign to draw visitors from across the region to Los Gatos. Thus, this discussion is being brought forward for the Town Council's consideration and direction.

DISCUSSION:

Outlined in this report are economic recovery initiatives and other related requests that have come forward from the Chamber of Commerce and business stakeholders over the last several weeks. The Council may wish to consider these suggestions, as well as others that may be presented during the conversation and provide direction as to how to evaluate and consider these requests in light of pending Fiscal Year 2021/22 Budget considerations and the Town's annual community grant program. The Council may identify principles to guide its future decision-making on such requests. Alternatively, the Council may choose to fund one or more of the requests, specifying either the ERF or ARPA funds. Money from the ERF may be allocated at the Council's discretion; however, eligibility parameters exist for the appropriate use of ARPA funds. From staff's perspective, ARPA funds would not currently qualify for use in special event subsidies.

**Destination Marketing**

The Chamber of Commerce has requested funds to coordinate a destination marketing campaign for Los Gatos. The scope of this proposed campaign remains unclear including how broad of a reach is intended, what marketing channels are being targeted, how marketing of all Town businesses beyond Chamber members would be executed, or how much funding is needed. Through conversations with industry professionals and at the recent joint study session of the Town Council and Planning Commission on February 23, 2021, it was shared that

DISCUSSION (continued):

economic recovery broadly is expected to take a hometown approach initially, and that consumers are demonstrating the desire to patronize local businesses more than ever, opting to remain close to home and support their local business community.

If the Council is in favor of a marketing campaign, one strategy may be to start more locally to promote Los Gatos businesses Town-wide as safe, open, and welcoming to the community on a smaller scale, then expand the regional reach as restrictions are lifted and consumer behavior supports it. While the State of California has declared it hopes to reopen the economy on June 15, 2021 if specific metrics are met, the County of Santa Clara has not yet confirmed that the County will see a full re-opening nor defined the scope of a full re-opening of the economy.

The Town and Chamber have an annual agreement for services in effect through June 30, 2021 with plans to present the Town Council with a status quo renewal for FY 2021/22 at a Town Council meeting in June. This agreement provides the Chamber with \$55,000 in funding to support Visitor Information and Attraction Services. It is required that these funds benefit the Los Gatos business and tourism community as a whole and not solely those members of the Chamber of Commerce. It is unclear how a destination marketing campaign may differ from the attraction services currently taking place as a part of the agreement for services.

Prior to 2020, the annual contract for services with the Chamber required annual reports with measurable deliverables outlined for the Town Council and included the Chamber's assistance in coordinating Leadership Los Gatos; however, given the uncertain environment of the pandemic the Town removed the requirement for specific deliverables, did not facilitate a Leadership Los Gatos class, and still provided the full amount of funding in the form of a subsidy to the Chamber under the following Scope of Services for FY 2020/21:

*Scope of Services. Chamber shall provide Visitor Information and Attraction Services in appropriate formats including web, social media, print maps and via in person or phone conversations that promote the Town of Los Gatos as a premier visitor's destination. All services rendered under this agreement shall promote all businesses located within Town boundaries, regardless of their Chamber membership.*

If additional marketing beyond what is currently being performed by the Chamber as a part of the agreement for services is desired by the Council, such an endeavor would need to be distinctly different from the Chamber's current efforts or reorganized to avoid duplicated efforts, and reflective of the Town's goals and initiatives. Thus, if the Council does wish to embark on a marketing campaign to engage the community locally and/or regionally, this may be best done with a project managed by Town staff utilizing third party marketing professionals selected and managed by the Town.

DISCUSSION (continued):

**Special Events**

The Chamber of Commerce and other community stakeholders have inquired about the ability to host community special events that offer the opportunity for residents and visitors to engage

in safe, in-person celebrations. Beyond this request, the Chamber has requested that the Town waive all Special Event Permit fees, Park Use fees, and provide a subsidy for event costs including street closures.

The Town has been accepting Special Event Permit applications throughout the various stages of the pandemic within the parameters outlined in the Town Code Section 14.100.010 – 14.100.065, and remaining flexible with applicants should an event be unable to take place due to COVID restrictions. It has been the responsibility of the applicant to ensure that their event is in compliance with State and County regulations and provide this information during the application process. The event organizers have been given the opportunity to change the date of the event or place the application on hold with the Town for future consideration should Health Orders or other conditions of the pandemic prevent the event from taking place. These allowances save applicants money because they do not need to file a new special event permit in these instances.

Special Event Permit applications must be filed at least 60 days prior to an event, and no more than a year before. For multi-day, or series events, such as the same weekly event for the duration of a couple of months, one Special Event Permit application may suffice if the full scope of the event series is presented with the original submittal. Application fees are dependent upon the applicant's organizational structure (non-profit versus for-profit), and if the event is new or re-occurring. The non-refundable application fee is due at the time of filing; however, may be reapplied to an event with a change of date, or change of scope necessary to abide by Health Orders in effect.

Currently, the County of Santa Clara Health Orders follow those set forth by the State within the Blueprint for a Safer Economy, which currently has Santa Clara County placed in the Orange Tier. Attachment 1 provides the State's full Guidance for Gatherings, updated on April 15, 2021. Event allowances and capacities vary based on the type of event, venue, and other considerations; however, remain quite restrictive as they pertain to large public events.

Given this guidance, the Town made the decision to cancel its annual 4<sup>th</sup> of July event for 2021. Residents and visitors are still invited to organically gather in the parks and other public spaces throughout the summer in a fashion that is within the current Health Orders and supports their own comfort level for gatherings; however, the Town is opting out of formally planning or promoting large Town-sponsored and coordinated events at this time.

DISCUSSION (continued):

As the Town Council considers stakeholder requests for funding for other special events or large gatherings, it may be important to consider the structure and intent of the events and how components such as food/drink booths and entertainment may create environments that are difficult to meet Public Health Orders, lending themselves to an environment that may be perceived as less than COVID safe such as:

- Organized events that promote eating and drinking outside of the confines of a seated restaurant setting may create a situation where it is difficult to maintain social distancing and mask requirements; and
- Events with live entertainment with or without a stage typically encourage guests to gather close to the entertainment source, making it difficult to social distance.

**Road Closure Events**

The Chamber has requested an event that regularly closes N. Santa Cruz Avenue every Thursday from late spring to early fall. While this could create more space for residents and visitors to stroll through and experience downtown, frequent closures of the road could create concerns for nearby residents and traffic flow. Additionally, adding elements similar to those listed above could change that intent and create less space per person as crowd size increases.

When N. Santa Cruz Avenue was part of the one-way pilot program in 2019, the traffic unable to use N. Santa Cruz Avenue ended up on University Avenue and in the surrounding neighborhoods, creating concerns for those residents and backed up traffic on the surrounding streets. Historically, this has been tolerated by the community for one-off special events, however a closure occurring once a week may not be as welcomed.

In 2018, the Town of Los Gatos created a pre-approved traffic plan for a road closure of N. Santa Cruz Avenue between Main Street and Bachman Avenue. Creating this standard closure plan allowed for a consistent approved traffic plan that could be provided at no cost to event organizers and reduce the amount of staff time spent reviewing the engineering and safety measures of each event. From this point, event organizers must contract with a third-party traffic control vendor to provide the actual road closure services including set-up, breakdown, equipment rental and other associated costs. The estimated cost of a street closure is between \$2,500 to \$3,500 for a single day closure. The amount of work that is necessary to close and reopen the street is the same regardless of the amount of time the street is closed. Expenses associated with the length of the closure include paying for attendants to monitor the entrance and exit points of the closure in case emergency vehicles need access beyond the barriers, and this personnel time is not included in the cost estimate listed above.

DISCUSSION (continued):

The closure of N. Santa Cruz Avenue may now be accomplished with a high degree of public safety by utilizing the Town's recently acquired portable anti-vehicle barrier system. However, deployment of the two anti-vehicle barricades and eight bollards will require trained staff from both Parks and Public Works and the Police Department. It is estimated that three to four Parks and Public Works personnel and two Police Officers will be necessary to deploy the barriers and bollards and will require four to five hours of staff time in addition to a large truck and a forklift.

If the Council is interested in subsidizing a road closure event or series of events, the Council should specify a maximum dollar amount. Town staff resources are not available to do the closure and reopening as an in-kind donation due to the programmed work and priorities of the Town Council.

Events that entail a closure of N. Santa Cruz Avenue are usually grand in scale, attracting large crowds, multiple vendors, and typically include the sales and service of alcoholic beverages, which then require approved security personnel or Los Gatos-Monte Sereno Police Officers to be on-site during the event. The cost of security or Town personnel is the responsibility of the event organizer. Consideration of utilizing Police personnel to staff the actual event is currently not a feasible option due to staffing constraints.

Simply closing the road as a large pedestrian thoroughfare was briefly experienced on the first day of the temporary trail parklet installation when N. Santa Cruz Avenue remained closed for a short period of time with no attractions or vendors. Many residents enjoyed the opportunity of simply having more space to spread out, stroll, and experience downtown.

**Other Town Needs**

As the Council deliberates on these requests, it should consider other Town needs. In recent conversations with local non-profits, most of the residents' emergency needs for housing, food, rent, and other assistance was met with the resources provided by the Town to date and other funding sources. As the pandemic eases, it is uncertain what the future needs might be and how the Town might continue to partner with the service providers serving these needs. The Town may wish to hold back on allocating all of the remaining ERF or ARPA dollars to remain flexible to meet this uncertain future. The Council could identify and maintain a minimum balance to address these other Town needs.

CONCLUSION:

Staff is seeking Town Council's direction on the requests made by the Chamber of Commerce and other stakeholders regarding funding for events and destination marketing as follows:

- What principles would the Council like to use to evaluate and consider these and potential future requests?

CONCLUSION (continued):

- To what extent should these requests go through the Town's annual community grant process? Would the Town Council wish to dedicate additional funding to the Community Grant process, specifically to support safe and Health Order compliant events that encourage economic and community vitality or other recovery initiatives? This option would enable other organizations to compete for funds for their events.
- Would the Town Council like to allocate funds beyond the existing Chamber of Commerce contract for services for destination marketing? If so, what is the scope of the destination marketing being directed, how much funds shall be allocated, and from which funding source?
- Would the Town Council like to dedicate funding to support special events coordinated by the Chamber of Commerce? If so, what is the scope of the events being supported, how much shall be allocated and from which funding source? ERF or other Town resources may be discussed; however, ARPA funds do not qualify for this expenditure.
- Does the Town Council support a road closure of N. Santa Cruz Avenue solely to achieve more outdoor space for visitors to stroll through and experience downtown? If yes, how often and to what extent does the Town Council wish to dedicate funding to support such closures? From which funding source shall Town resources be supported for such closures?
- Does the Town Council support a road closure of N. Santa Cruz Avenue one day a week for the duration of the summer, through Labor Day for special events? If yes, does the Town Council wish to provide parameters around the scope of the special event related to COVID, and to what extent does the Town Council wish to dedicate funding to support such closures? From which funding source shall Town resources be supported for such closures?

COORDINATION:

This report has been prepared in coordination with the Town Manager's Office and the Police, Community Development, Parks and Public Works, and Finance Departments.

FISCAL IMPACT:

The fiscal impact is dependent upon the actions taken by the Town Council. As outlined in the background of this report, \$1,873,530 has been dedicated out of the ERF, leaving \$50,532 remaining for use; and, \$3,626,898 has been dedicated out of the ARPA funds leaving \$2,061,732 available for specific economic recovery initiatives and pandemic related deficits.

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SUBJECT: Consider Funding Requests and Other Town Needs

DATE: April 29, 2021

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. State of California Blueprint for Recovery Guidelines related to Gatherings