



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/16/2026

ITEM NO: 1

DATE: March 16, 2026
TO: Mayor, Town Council, and Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive Presentation on Potential Revenue Options and Provide Feedback**

RECOMMENDATION: Receive presentation, discuss potential revenue options, and provide recommendations to the Town Council.

FISCAL IMPACT:

There is no direct fiscal impact associated with the Finance Commission providing input. Any potential fiscal impacts would result from future Town Council actions related to revenue measures or associated professional services, as described in the presentation included as Attachment 1.

STRATEGIC PRIORITIES:

This item relates directly to the Town's adopted 2025–2027 Strategic Priority of ensuring prudent financial management, including structurally balanced multi-year forecasts, sustainable service delivery, and adequately funded capital improvement and deferred maintenance programs.

BACKGROUND:

On January 12, 2026, the Finance Commission met and received information on potential revenue measures addressing the Town's long-term fiscal outlook, structural budget risks, unfunded capital and operational needs, and options for preserving the Town's ability to consider future revenue measures.

The Commission provided the following recommendations to the Town Council, to support proceeding with engaging the professional services necessary with funding authority of up to

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

\$80,000 to preserve the Town's ability to consider a revenue measure in November 2026 including special legislative authority for a higher transaction and use tax as well as to consider other potential revenue measure options. The Finance Commission also supported waiting until the results of the financial analysis and impact analysis currently being performed by NHA Advisors prior to deciding on whether to proceed for November 2026 ballot measure.

Staff subsequently took the commission's recommendations to the Council on January 20, 2026, and Council approved preserving options and not committing to a tax. In addition, Council authorized staff to engage with fiscal and legislative consultants and provided a budget adjustment to secure these services.

DISCUSSION:

Staff subsequently engaged Urban Futures Inc (UFI) to complete fiscal analysis on a variety of revenue options as shown in the attached presentation (attachment 1). UFI was asked to explore the following options, and to provide information and recommendations for each measure.

Each revenue option explored includes:

- Description of the revenue option and how it can be used (capital and/or operating)
- Historical Passing rates
- Amount needed to reach \$5.2 million¹ annually in new revenue (operating) or
- Amount needed to reach \$100 million in new revenue (capital) and
- Comparison to other agencies

CONCLUSION:

Town Council and Finance Commission input at this stage will provide valuable financial perspective to the Town as it weighs long-term risks, policy tradeoffs, and fiscal strategy. Staff therefore recommend that the Council and Commission review Attachment 1 and provide input. The Council will have the opportunity to provide direction to staff at the special Council meeting immediately following this joint meeting on March 16, 2026.

ENVIRONMENTAL ASSESSMENT:

The Finance Commission's review and provision of input is advisory in nature and does not constitute approval of a project, funding commitment, or discretionary action. Accordingly, this item is not a project under the California Environmental Quality Act and no environmental review is required.

¹ Based on January 2026 Forecast

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SUBJECT: Potential Revenue Options

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Attachments:

1. Presentation
2. Draft FY 2026-27 Forecast and History