



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 04/27/2026

ITEM NO: 1

DATE: April 21, 2026
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Review and Discuss the Preliminary Proposed FY 2026-27 Operating and Capital Summary Budget, and Provide Preliminary Comments and Recommendations Regarding the Proposed Budget

RECOMMENDATION:

Discuss, comment, and begin to make recommendations to the Town Council regarding the Proposed FY 2026-27 Operating and Capital Summary Budget.

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties state that:

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

(B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager and Town Attorney

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SUBJECT: Proposed FY 2026-27 Operating and Capital Summary Budget

DATE: April 21, 2026

DISCUSSION:

On April 20, 2026, the Proposed FY 2026-27 Operating and Capital Budgets were posted to the Town's website, and the links (listed below) were provided to the Finance Commission. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 19, 2026, the first meeting at which the Town Council will consider the Proposed Budgets.

Proposed Operating Budget:

<https://www.losgatosca.gov/3067/Proposed-FY-2026-27-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/3068/Proposed-FY-2026-27-Capital-Budget>

Pursuant to Municipal Code Section 2.50.225(6), the Finance Commission shall review proposed expenditures and advise the Town Council whether such expenditures meet the Town Council's objective for the Measure G tax. In the FY 2026-27, all Measure G proceeds are allocated to support public safety operations. This approach supports the following Measure G objectives: (a) maintaining and enhancing neighborhood police patrols and local crime prevention programs, and (d) maintaining the Town's long-term financial stability. Staff requests the Finance Commission's review and recommendation regarding the proposed allocation of Measure G funds.

At its special meeting on April 20, 2026, the Finance Commission will begin discussing and identifying comments and recommendations to the Town Council regarding the Proposed Budgets. To facilitate the Commission's work on the Proposed Budgets, the Commission has scheduled an additional special meeting on May 4, 2026, and will continue the discussion at its regular meeting on May 11, 2026.

At the conclusion of the regular Finance Commission meeting on May 11, 2026, the Finance Commission is expected to finalize its comments and recommendations and provide them to the Town Manager, which will be transmitted to the Town Council at a public hearing on May 19, 2026.

Based on additional staff review, the following updates are recommended to include in the final FY 2026-27 Operating and Capital Budget and FY 2026-27-FY 2030-31 Capital Improvement Plan (CIP) documents:

Updates to the Proposed Operating & Capital Summary Budget FY 2026-27

Based on additional staff review, the following updates are recommended to include in the final FY 2026-27 Operating and Capital Budget and FY 2026-27-FY 2030-31 Capital Improvement Plan (CIP) documents:

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Page C-26 – The General Fund Five-Year Forecast schedule has been updated to correct display issues in the following columns: FY 2024-25 Adjusted Budget, FY 2024-25 Actuals, FY 2025-26 Adjusted Budget, FY 2025-26 Estimates for Operating Expenditures, and the FY 2025-26 Estimates Capital Transfer Out to GFAR. The revised schedule is shown below, with all updated figures highlighted in red.

Please note that the FY 2026-27 Proposed amounts and the remaining Five-Year Forecast figures have not changed.

Page C-52 The salary and benefit 10-year chart has been updated to correct the roll up value for salary and benefit in the FY 2026-27 Proposed and all five years of the forecast. Itemized items add to the correct amount; any slight discrepancies are due to rounding. The chart has been updated to figures highlighted in red.

Page C-54 The grants and awards 10-year chart has been updated to correct the total value from \$0.2 to \$0.3 for FY 2026-27 Proposed. All other values remain unchanged.

CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

Attachments:

1. Corrections and clarifications to the Proposed FY 2026-27 Operating and Capital Budgets