



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 04/21/2026

ITEM NO: 10

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DATE: April 14, 2026  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: **Receive the Fiscal Condition Assessment and Fiscal Impact Analysis for Proposed and Planned Growth Memorandums and Provide Feedback**

RECOMMENDATION: Receive the Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections and Fiscal Impact Analysis for Proposed and Planned Growth Memorandums and provide feedback for the Town Council.

FISCAL IMPACT:

There is no fiscal impact associated with this item. Funding for this work was previously approved by the Town Council. Any future costs or financial impacts identified through this analysis would be considered by the Town Council as part of the annual budget process.

STRATEGIC PRIORITY:

This action supports Strategic Priorities regarding prudent financial management to result in a structurally balanced 5-year budget.

BACKGROUND:

In December 2025, the Town began work with NHA Advisors with sub-contract support from Raftelis Financial Consultants and Willdan. Raftelis is leading the first study with the development of a baseline long-term financial model. Willdan is supporting the second study, focusing on fiscal impact analysis that incorporates proposed and planned growth based on the Housing Element Plan and General Plan, with sensitivity analysis regarding the percentage of

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Administrative Services Director

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Administrative Services Director

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new units designated as affordable. Both studies will support the future Asset, Liability Management (ALM) study.

DISCUSSION:

A preliminary Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections and Fiscal Impact Analysis for Proposed and Planned Growth was presented to the Finance Commission at their February 2, 2026, meeting. The Commission requested information on the assumptions for the five-year and long-term forecast and changes to methodology for the study focused on the fiscal impact of proposed and planned growth based on the Housing Element.

Memos for the Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections Assumption and an updated fiscal impact analysis for the Proposed and Planned Growth were posted to the Town's Finance website on March 18, 2026 (Attachment 1 and Attachment 2)

At its April 13, 2026, meeting, the Finance Commission reviewed the memos and forwarded them to the Town Council with the following comments. The Commission recommended that the financial forecast be presented as a base case scenario reflecting projected conditions should the Town take no action. This base case would serve as the foundation for evaluating alternative scenarios. The Commission also advised that the base case clearly identify all underlying assumptions, including staffing levels required to maintain current service levels, anticipated population changes, and expected housing development within the Town.

CONCLUSION:

Receive both memos and provide feedback to consultant.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Fiscal Condition Assessment with Five-Year and Long-Term Financial Projections Assumption Memo
2. Updated Fiscal Impact Analysis for Proposed and Planned Growth