

DRAFT RESOLUTION 2025-

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPROVING THE FISCAL YEAR (FY) 2025-26 OPERATING BUDGET AND FY 2025-26-
2029-30 CAPITAL BUDGET; NEW APPROPRIATIONS; OTHER ADJUSTMENTS;
MINOR CORRECTIONS; AND CARRY-FORWARD APPROPRIATIONS**

WHEREAS, Section 2.30.295(b) of the Los Gatos Town Code requires the Town Manager to annually prepare and submit a budget to the Town Council and be responsible for its administration; and

WHEREAS, the Town Manager submitted to the Town Council and Finance Commission a Proposed Operating Budget for FY 2025-26 on April 21, 2025; and

WHEREAS, the Town Manager submitted to the Town Council and Finance Commission a Proposed Five-Year Capital Improvement Program for FY 2025-26 – 2029-30 on April 21, 2025; and

WHEREAS, the Town Council conducted a noticed public hearing on the Proposed Operating Budget and Capital Improvement Program on May 20, 2025; and

WHEREAS, per Measure A, the Town Council has considered and reviewed the Finance Commission's written recommendations to the Town Council on the said proposed Budget and Capital Improvement Program during the public hearing on May 20, 2025; and

WHEREAS, per Measures G and A, the Town Council has considered and reviewed the Finance Commission written recommendations to the Town Council regarding the potential allocation of Measure G proceeds during its public hearing on May 20, 2025; and

WHEREAS, the Town Council will allocate the entire Measure G proceeds starting with the FY 2025-26 budget; and

WHEREAS, the Town Council previously allocated residual Measure G proceeds for capital should be programmed to the Shannon Road Repair Project; and

WHEREAS, the Town Council has determined that the Unassigned Fund Balance Reserve should be established in the General Fund, and

WHEREAS, the Town Council has determined that the previously established ERAF Risk Reserve available balance should be transferred to the Unassigned Fund Balance, and

WHEREAS, the Town Council confirmed that the Unassigned Fund Balance should be \$4,000,000 at June 30, 2025, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$220,000 to capture increased property tax projections, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$668,000 to capture additional anticipated permit fee collected through the Solid Waste Joint Authority, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$162,759 to capture increased sales tax projections, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$20,000 to capture increased transient occupancy tax projections, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$110,000 to capture additional anticipated business license tax collection after the business license delinquency audit, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$181,268 to capture additional anticipated investment earning based on updated projections, and

WHEREAS, the estimated FY 2025-26 revenues decreased by \$360 to capture actual recovery revenue based on decreased cost in the Below Market Housing program, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$15,000 to capture increased planning permit fee collection projections, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$358,891 to capture increased engineering permit fee collection projections, and

WHEREAS, the estimated FY 2025-26 revenues increased by \$50,000 to capture additional revenue for electric charging station rent, and

WHEREAS, the estimated FY 2025-26 internal service fund revenues decreased by \$108,592, reflecting decreased cost recovery due to additional savings identified in the internal service fund programs, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$250,358 due to the reduction in membership and other miscellaneous items townwide, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$12,500 providing

efficiency to the Boards and Commissions by providing standardized bulk give-away items, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$8,700, reflecting a decrease in funding for the hotel program, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$138,000, reflecting a decrease in funding for outside legal services, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$67,650 to remove decorative tree wrap lighting services, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$104,350, providing reduced library service offerings, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$60,000 reorganizing and streamlining the community police complaint process, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$100,000 due to decreased block tree pruning services, and

WHEREAS, the estimated FY 2025-26 expenditures decreased by \$255,196 due to additional potential CalPERS benefit savings, and

WHEREAS, the estimated FY 2025-26 expenditures increased by \$23,200 due to additional funding provided to the Town Community Grant Program, and

WHEREAS, the estimated FY 2025-26 internal fund expenditures decreased by \$168,541 due to saving identified by staff, and

WHEREAS, the estimated FY 2025-26 Unassigned Fund Balance used to balance the FY 2025-26 budget decreased from \$3,658,215 to \$905,060 based on the aforementioned revenue and expenditures changes, and

WHEREAS, the Council authorized \$1,000,000 reverse use for Emergency Management during the FY 2024-25, and

WHEREAS, it is anticipated approximately \$100,000 funding will spent for Emergency Management during FY 2024-25, and

WHEREAS, the estimated available expenditure budget balance will carryforward to FY 2025-26 Emergency Management Program budget, and

WHEREAS, on June 3, 2025, Town Council considered and reviewed the proposed

Budget and Capital Improvement Program and made final determinations.

NOW, THEREFORE, BE IT RESOLVED: that the Town Council hereby adopts as the Operating Budget for the Town of Los Gatos for the 2025-26 fiscal year as depicted in Exhibit A entitled “Total Town Revenues and Expenditures by Fund” including the first year (FY 2025-26) of the Town’s Capital Improvement Program budget as contained in the Town’s FY 2025-26 – 2029-30 Capital Improvement Program.

BE IT FURTHER RESOLVED, that the final adopted Budget documents include minor corrections and approved appropriations for unspent prior year allocations, and that they be carried forward from prior years in a Reserve for Encumbrances whereby within each fund there is an amount sufficient to cover approved outstanding encumbrances as of June 30, 2025.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 3rd day of June, 2025 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

TOTAL TOWN REVENUES AND EXPENDITURES BY FUND

	FY 2025-26 Proposed Budget	Estimated Budget Revision	FY 2025-26 Recommended Budget
REVENUES			
General Fund	\$58,080,028	\$ 1,785,558 (1)	\$ 59,865,586
Special Revenue Funds	403,420	-	403,420
Internal Service Funds	7,497,304	(108,592) (2)	7,388,712
Capital Project Funds (does not include carryforwards)	4,564,355	-	4,564,355
Successor Agency Funds	3,923,926	-	3,923,926
TOTAL REVENUES	\$74,469,033	\$ 1,676,966	\$ 76,145,999
OTHER FUNDING SOURCES			
Designated One-Time Use of General Fund Unassigned	3,658,215		905,060
TOTAL TOWN REVENUES & OTHER FUNDING SOURCES	\$78,127,248	\$ 1,676,966	\$ 77,051,059
TOTAL TOWN EXPENDITURES, TRANSFERS OUT & CARRYFORWARD APPROPRIATION			
General Fund	\$61,348,243	\$ (967,597)	\$ 60,380,646
Special Revenue Funds	466,581	(947)	465,634
Internal Service Funds	8,887,546	(168,541)	8,719,005
Capital Project Funds (does not include carryforwards)	7,206,822	-	7,206,822
Successor Agency Funds	3,817,122	(10)	3,817,112
TOTAL TOWN EXPENDITURE & OTHER FUNDING USES	\$81,726,314	\$ (1,137,095) (3)	\$ 80,589,219
OTHER FUNDING USES			
Designated One-Time Use of General Fund Reserves			-
TOTAL TOWN EXPENDITURES & OTHER FUNDING SOURCES	\$81,726,314	\$ (1,137,095)	\$ 80,589,219
GENERAL FUND SOURCE(USE) OF FUND BALANCES	\$ 390,000		\$ 390,000
OTHER FUNDS SOURCE(USE) OF FUND BALANCES	(3,989,066)		(3,928,160)
TOTAL SOURCE(USE) OF FUND BALANCES	\$ (3,599,066)		\$ (3,538,160)

Note: \$900,000 anticipated Carryforward Expenditure Budget is not included in this schedule.

(1) Additional General Fund Revenues in the amount of \$1,785,558		
Property Tax	\$	220,000
Waste Hauler Permit Fee		668,000
Sales and Use Tax		131,490
Sales and Use Tax - Measure G		31,269
Transient Occupancy Tax		20,000
Business License Tax		110,000
Interest		181,268
Planning Permit Fees		15,000
Below Market Housing Service Fee (based on decreased cost)		(360)
Engineering Fees		358,891
Electric Vehicle Charging Stations Enhanced Revenue		50,000
	\$	1,785,558
(2) Decreased Internal Service Charges in the amount of 108,592		
Decreased Internal Service Expenditures Cost Recovery	\$	(108,592)
	\$	(108,592)
Total Revenues		\$ 1,676,966
(3) Tiered Operational Savings in the amount of \$1,137,095		
All Tier 1, Some Tier 2, and Some Tier 3 Reductions		
Reduce Membership and other Operational Reductions	\$	(245,358)
Reduce Boards and Commissions Budget		(17,500)
Add Bulk Purchase Items to Boards and Commissions		5,000
Reduce Hotel Program		(8,700)
Reduce Outside Legal Services Hours		(138,000)
Remove Decorative Tree Wrap Lighting		(67,650)
Reduce Library Offerings		(104,350)
Reorganize Community Police Complaints		(60,000)
Reduce Block Tree Pruning		(100,000)
Pension Benefit Savings		(255,196)
Increase Community Grant Funding		23,200
Internal Service Funds Operational Savings		(168,541)
Total Expenditures		\$ (1,137,095)