TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 09/01/2026
ITEM NO: 10

DATE: September 1, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Approve a Revenue Budget Adjustment of $3,674,187 for the Proceeds Received from the Sale of 4 Tait Avenue and Allocate Net Proceeds.**

RECOMMENDATION: Approve a revenue budget adjustment of $3,674,187 for the proceeds received from the sale of 4 Tait Avenue and allocate net proceeds of $565,187 to the Long-Term Community Benefit Fund.

FISCAL IMPACT:

Approval of the recommended budget adjustment would recognize $3,674,187 in one time proceeds from the sale of 4 Tait Avenue. Of this amount, $3,109,000 would benefit the General Fund, including $3,000,000 to replenish unassigned fund balance previously allocated to the Long-Term Community Benefit Capital Fund and $109,000 to reimburse sale related staff and special counsel costs. The remaining $565,187 is recommended to be allocated to the Long-Term Community Benefit Capital Fund, increasing the total amount allocated to that fund to $3,565,187.

STRATEGIC PRIORITY:

This item supports the strategic priority related to prudent financial management.

BACKGROUND:

On February 26, 2026, 4 Tait was listed on the public real estate market with a listing price of $3,500,000. On June 16, 2026, the Town Council authorized a sale agreement accepting an offer of $3,800,000 for the property. On August 3, 2026, the sale of 4 Tait closed, and the Town received $3,674,186.89 in net revenue to the Town after paying closing costs, including the broker fee of $114,000.

PREPARED BY: Katy Nomura
Assistant Town Manager

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

DISCUSSION:

As part of the FY 2026-27 budget process on May 19, 2026, the Town Council allocated $3,000,000 of unassigned fund balance to a new capital fund, referred to as the Long-Term Community Benefit Fund, in anticipation of potential one-time revenue in Fiscal Year 2026-27. In August 2026, the 4 Tait Avenue property (4 Tait) sold for $3,800,000, resulting in $3,674,186.89 in proceeds to the Town after closing costs, including the $114,000 broker fee. In addition, the Town incurred costs of approximately $75,000 in staff time and $34,000 for special counsel in connection with the sale of 4 Tait.

It is recommended that the Town Council recognize this revenue with a revenue budget adjustment of $3,674,187. Of these proceeds, $3,000,000 would be used to replenish the General Fund unassigned fund balance to offset the allocation made to the Long-Term Community Benefit Capital Fund on May 19, 2026. Of the remaining $674,187, it is recommended that $109,000 be used to reimburse the General Fund for the estimated staff time and special counsel costs related to the sale of the 4 Tait property (preparation of the Surplus Land Act exemption, the historic covenant, escrow instructions, contract addenda, etc.). The remaining $565,187 is recommended to be allocated to the Long-Term Community Benefit Capital Fund.

These recommendations would reimburse the General Fund for costs incurred for the sale of 4 Tait and the allocation made on May 19, 2026, and allocate $565,187 of the remaining net proceeds to the Long-Term Community Benefit Capital Fund. If approved, the $565,187 allocation combined with the May 19, 2026, allocation, would result in a total of $3,565,187 being allocated to the Long-Term Community Benefit Capital Fund.

Uses of the Long-Term Community Benefit Fund can be discussed during the CIP budgeting process.

CONCLUSION:

It is recommended that the Town Council approve a revenue budget adjustment of $3,674,187 for the proceeds received from the sale of 4 Tait Avenue and allocate $565,187 to the Long-Term Community Benefit Capital Fund.

COORDINATION:

This staff report was developed in coordination with the Town Attorney’s Office and the Administrative Services Director.

ENVIRONMENTAL ASSESSMENT:

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