



**TOWN OF LOS GATOS
TOWN COUNCIL REPORT**

MEETING DATE: 01/12/2026

ITEM NO:

DATE: January 6, 2026
TO: Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Discussion, consideration, and Possible Action to Provide Direction on Revenue Measure Options and Next Steps Including Engaging Professional Services to Support the Evaluation Effort in an amount Not to Exceed \$80,000

RECOMMENDATION

Staff recommends the Town Council consider

1. Authorizing the Town Manager, or designee, to pursue special legislative authorization from the State Legislature in the 2026 session to exempt Los Gatos from the statewide 2 percent combined district sales tax cap, preserving the Town's legal ability to place a general transactions and use (sales) tax measure on the November 2026 ballot.
2. Authorizing the Town Manager, or designee, to engage specialized professional consultants to facilitate special legislative authority to increase its transactions and use tax and engage other such professionals to properly inform the Town Council regarding a possible revenue measure up to and including potential action related to a specific measure.
3. Allocate \$80,000 from the General Fund unassigned fund balance for professional services to continue work related to a possible revenue measure that the Town Council may consider for November 2026 election.

FISCAL IMPACT

The estimated cost is \$80,000 for professional services to preserve the Town's ability to consider a future revenue measure. The allocation may need to be increased depending on the type of measure, approach, and steps required to implement any Council-identified measure.

PREPARED BY: Chris Constantin
Town Manager

Reviewed by: Town Attorney and Town Manager

STRATEGIC PRIORITIES

One of the top three 2025-2027 Strategic Priorities includes ensuring “...*prudent financial management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town’s assets, efficiencies, partnerships, and revenue streams. Define and implement a cohesive deferred capital improvement program for Town facilities and lifecycle assets. (Goal: Fiscal Stability)*”

BACKGROUND

The Town of Los Gatos is recognized as a safe, attractive, and welcoming community with high-quality public amenities and a strong overall quality of life. Over many years, residents, businesses, and visitors have benefited from well-maintained streets and parks, vibrant downtown activity, responsive public safety services, and programs that reflect the Town’s small-town character and unique sense of place.

Continued reliance on economically sensitive revenues and expenditure assumptions that are not assured creates risk

Recent financial results show that the Town closed Fiscal Year 2024-25 with an increase in General Fund unassigned fund balance. However, a review of the updated Five-Year Forecast (**Attachment 1**) indicates this outcome was driven largely by variable increases which are not indicative of sustainable structural balance over the long-term.

On the revenue side, the surplus relied heavily on interest income, which surged to \$3.1 million in FY 2024-25 due to market conditions but is projected to drop to \$1.6 million in FY 2025-26 and further to \$1.1 million by FY 2027-28. Additionally, the Town faces specific risks, such as a projected \$0.4 million decline in Transient Occupancy Tax in FY 2026-27 due to a specific hotel closure, and stagnating Property Tax estimates which assume zero growth between FY 2025-26 and FY 2026-27.

On the expenditure side, FY 2024-25 salary actuals (\$22.4 million) were artificially low due to significant vacancy savings. With limited restrictions on hiring and overtime, salary costs could rise to \$25.4 million, a \$3.0 million increase, if full staffing or increases in overtime occur. Another Bay Area city is currently experiencing this condition, resulting in critical impacts on fiscal stability necessitating layoffs and service reductions. Other cities are grappling with significant deficits and considering how to best close their funding gaps. Thus, Los Gatos is not alone

For the FY 2025-26 budget, Town staff and the Finance Commission strengthened the accuracy of revenue and expenditure assumptions. In this detailed review, the Town approved a budget that included reductions but still relied upon \$0.9 million in the use of unassigned fund balance. The purpose of planning the use of fund balance is to ensure reductions to key programming do not occur until a deficit is actually incurred. During the year, additional appropriations increased the projected operational deficit to \$1.1 million for FY 2025-26.

Recent fund balance growth should not be interpreted as evidence that the Town's long-term revenue structure is sufficient to sustain current service levels. While the Town has not needed to dip significantly into reserve balances yet, reliance on one-time or volatile activity that does not ensure structurally balanced future budgets, combined with not fully accounting for increasing personnel costs and future capital and deferred maintenance needs, creates risk. Should economic dynamics change, the Town would face the need to quickly reduce expenditures with little lead time. Additionally, the halting of transfers for capital projects limits the ability to address accumulating infrastructure needs.

The Town is currently undertaking a financial and fiscal impact analysis studies, which will provide a more refined outlook and Ten-year forecast leading up to a final report in April/May 2026. While the Town Council can wait for the results of these studies, it may lose the ability to respond this calendar year with some options to reduce impact to programs, services, and capital projects.

Capital and Operational Needs far outpace available and projected revenues

While the Town is not facing an immediate cash flow crisis, it faces a growing structural gap between available resources and the costs required to maintain aging infrastructure, meet emergency preparedness expectations, and modernize facilities. Without identifying new, reliable sources of funding, the Town cannot address significant obligations that are not fully captured in the annual operating budget.

Recent staff reports and condition assessments have quantified the magnitude of these unfunded liabilities. As detailed in Table 1 below, when escalating known maintenance and capital needs to 2025 dollars (at a 4% adjustment), the Town faces over \$300 million in one-time unfunded liabilities, in addition to significant ongoing operational costs for wildfire safety.

Table 1: Summary of Unfunded Capital and Operational Needs (Escalated to 2025)

Category	Specific Need	Estimated Cost (2025)
Streets & Roads	Pavement & Infrastructure	\$172,678,480
Public Safety	New Police Ops Building / EOC	\$50.4M – \$66.0M
Parks & Assets	Parks Deferred Maintenance	\$29,316,560
Park Rehabilitation	Soccer Field Turf Rehab	~\$2,500,000
Storm Drains	Drainage Infrastructure	\$24,051,560
Town Facilities	Building Maintenance & Repairs and Capital	\$22,639,670
Wildfire	Critical Infrastructure	\$6.0M – \$11.0M
Wildfire Operations	Comprehensive Wildfire Program	\$2.1M – \$3.0M

Note: IT Needs identified in previous assessments (\$310,000) have been funded in the 25/26 cycle and are removed from this list.

Assessment of Service Gaps

Streets, Roads, and Storm Drains

The Town's infrastructure needs constitute the largest financial liability. Escalated to 2025 costs, the Capital Infrastructure Needs assessment identifies approximately \$172.7 million in unfunded needs for streets and roads. Additionally, storm drainage improvements now total over \$24 million. This includes critical drainage infrastructure on major thoroughfares like Los Gatos-Almaden Road and essential improvements required to prevent system failures.

Public Safety Facilities

The Police Operations Building (POB) and the Civic Center require significant investment. The POB currently forces split operations that create inefficiencies and is stretched to meet current security standards. A study is underway to evaluate consolidating all Police Department staff into one building, with results expected in spring 2026. Preliminary information suggests 28,000 to 30,000 square feet of space is needed to support the Department and a modern Emergency Operations Center. The cost of constructing this facility is estimated between \$50.4 million and \$66 million (\$1,800–\$2,200 per sq. ft.), exclusive of land acquisition.

Parks and Public Assets

Unfunded needs for Town parks, escalated to 2025, are estimated at \$29.3 million. This backlog impacts community staples, including playground replacements at Oak Meadow Park and La Rinconada Park, irrigation system replacements, and trail connectivity projects. Furthermore,

this assessment does not account for the approximate \$2.5 million necessary to rehabilitate soccer field turf that has reached its end of life, nor does it include the benefits of increasing tree and park strip improvements in residential and commercial areas.

Town Facilities and Deferred Maintenance

Town-owned buildings face a combined maintenance and capital shortfall of nearly \$22.6 million (\$21.1 million in deferred maintenance and \$1.5 million in capital needs) over the next 11 years. It is important to note that these figures represent the cost to maintain current operations and generally do not include necessary modernization or expansions.

Wildfire Mitigation and Emergency Preparedness

Beyond capital infrastructure, the Town faces ongoing operational gaps. As outlined in the December 16, 2025, staff report, implementing a "Comprehensive Program" (Scenario 3) to adequately address wildfire risks requires an annual operating investment of approximately \$2.1 to \$3.0 million. This is in addition to \$6 to \$11 million in one-time capital costs over the next 5 to 10 years for critical infrastructure such as evacuation route widening and strategic fuel breaks.

Many of these items represent proactive investments intended to reduce long-term risk and liability, rather than discretionary enhancements. Absent additional ongoing revenue, addressing these unfunded needs requires continued deferral.

Community Priorities and Service Sustainability

Results from the 2025 Community Survey indicate that Los Gatos residents rate the Town very highly in areas that most directly shape quality of life, safety, and community character. Residents expressed particularly strong satisfaction with Town library services, parks and recreation facilities, and police services. However, the survey also highlights that residents place the greatest importance on maintaining these outcomes over time.

The community investment areas with the highest levels of resident support include maintaining streets, sidewalks, and storm sewer systems, improving traffic flow, maintaining 911 response times, and strengthening disaster preparedness. The responses suggest that while satisfaction remains high, targeted investment in transportation, pedestrian safety, and emergency preparedness is necessary to maintain resident confidence. Ensuring the ability to sustain high-performing core services and responsibly address identified and emerging needs will require reliable, ongoing funding aligned with these community expectations. Current

budget capability do not provide sufficient resources to fully address the needs identified in the community survey.

Strategic Positioning: Preserving Options and Preparing for the Future

The preceding background illustrates that while Los Gatos is currently managing its budget through one-time resources and vacancies, this is not a sustainable long-term strategy given the magnitude of known capital and operational obligations.

It is important to frame the current situation accurately. The Town is not currently in a fiscal emergency that forces the Council to place a measure on the November 2026 ballot as a last resort to avoid immediate insolvency. The Town retains a degree of fiscal stability that allows for thoughtful planning rather than reactive crisis management.

However, relying on the current revenue structure to support future needs creates significant risk. By the time a structural deficit becomes critical, or a major infrastructure failure occurs, it will likely be too late to develop a thoughtful revenue measure to address it. Responsible governance requires that the Council evaluate potential revenue options before the need becomes acute.

The purpose of the current discussion is to ensure the Town does not find itself in a position where it is forced to react to a financial crisis without a plan. By exploring revenue options now, the Council preserves the optionality to act in November 2026 if it deems necessary, or to defer action with a clear understanding of the trade-offs regarding service levels and deferred maintenance. This proactive approach ensures that if a potential revenue measure is considered in the future, it is not the first time the concept has been vetted.

Accordingly, the following discussion section articulates the specific revenue options available to the Town, along with the timing, feasibility, and strategic considerations for each. This analysis is intended to provide the Council with the necessary information to weigh the benefits of securing additional revenue against the option of maintaining the status quo, ensuring that any future decision is made deliberately and in alignment with long-term community priorities.

DISCUSSION

In the case of addressing deficits, the Town has the option to either 1) increase revenue, 2) decrease expenditures (generally reducing level of service), 3) reduce the scope of services supportable by available stable revenue (eliminating functions), or 4) implement a combination of all the above.

For FY 2025-26, the Town already included revenue increases, such as higher revenue from agreements such as the Town's contract for police services with Monte Sereno and increases to fees and charges. On the expenditure reduction side, the Town executive staff implemented some internal expenditure reductions, which included the elimination of annual funding for future capital projects. When both were combined, the Town still approved a deficit spending budget but with a smaller use of reserve fund balance than projections would have necessitated.

On the Capital Improvement side, the Town implemented a tiered schedule for its five-year capital improvement program and reduced the projects programmed. The schedule included three tiers to classify capital projects which included

- Tier 1 – projects scheduled in a specific year with allocated funding and staff capacity to perform,
- Tier 2 – projects to be considered next when funding and staff capacity is available, and
- Tier 3 – all other projects that are neither scheduled nor considered in the five-year schedule.

In the case of the Town's efforts to reduce the structural deficit, the Town did not consider reducing service levels for the base services nor does any of the efforts address the multi-million dollars of discussed in the *Additional Capital and Operational Needs* section above or identified through the Town's 2025 community survey.

Town's Primary Ongoing Revenue Sources are Property Tax and Sales Tax Based

The Town's updated Five-Year Forecast demonstrates that the General Fund remains heavily dependent on property-related revenues, with FY 2026-27 projected property tax and Vehicle License Fee backfill totaling approximately \$27.9 million, compared to roughly \$8.4 million in combined sales and use tax and Measure G district tax, confirming that property tax is the Town's single largest revenue source and sales tax is the next largest.

In that same forecast year, other major categories such as transient occupancy tax (about \$2.4 million), business license tax (about \$2.6 million), licenses and permits (about \$6.3 million), and charges for Town services (about \$5.0 million) play important but secondary roles, underscoring that the Town's ability to sustain core services and address long-term obligations will continue to hinge on the performance of these top two revenue streams.

Given the scale and breadth of identified capital, wildfire, and facility needs relative to projected revenues, it is fiscally responsible for the Council to consider options, including a potential Town sales tax measure, a parcel tax, bond measure and more targeted tools such as

assessment districts or Landscaping and Lighting Districts. Considering these options do not require the Town to pursue a measure in 2026, but it provides the Town with approaches to addressing the projected structural gap for existing activity as well as for the significant additional capital and operational needs in addition to the approaches of reducing expenditures by service level reductions or program elimination.

Revenue Measures Require Multiple Steps and Time to Implement with Potential Voter Approval

If the Council wishes to preserve the option of placing any local revenue measure on the November 3, 2026 Santa Clara County consolidated general election ballot, the Town will need to work backwards from the County Registrar of Voters' statutory "E-88" deadline (approximately 88 days before Election Day, in early August 2026) when the Town must adopt its election resolutions and submit the final ballot question, ordinance reference, and impartial analysis request for any measure. Leading up to that date, staff and the Council would need to

- (1) conduct preliminary study and public outreach in early 2026;
- (2) finalize the proposed revenue mechanism and ballot framework in spring/early summer 2026; and
- (3) complete all required external reviews, including submittal of a transactions and use tax ordinance for California Department of Tax and Fee Administration review in the case of a sales tax, coordination with the County for roll and administration details in the case of a parcel tax, and preparation of an engineer's report and benefit methodology for any assessment district or Landscaping and Lighting District.

Because each of these steps involves iterative legal, technical, and interagency review, the combined calendar between now and the E-88 submittal date leaves very limited schedule flexibility, meaning that any path to a November 2026 measure, whether sales tax, parcel tax, or an assessment-based option, would need to be pursued on a tight and carefully managed timeline.

Additional Consideration for Preserving the Ability to Pursue a Meaningful Sales Tax Measure

While any revenue measure will require additional review, staff work, and implementation steps, the State's 2 percent limit on transaction and use tax (sales tax) increases introduces another critical path which can delay or eliminate the Town's ability to meaningfully consider one of two major revenue options. To overcome this limitation similar to other cities such as

Campbell, Pinole and cities in Solano County did in 2024, the Town would have to seek authority to pursue state legislative change. This additional step requires immediate consideration in order to preserve the Town's ability to consider this option.

Existing Local Sales Tax Authority

The Town of Los Gatos currently receives revenue from the statewide base sales and use tax rate of 7.25 percent, plus voter-approved district taxes (also called transactions and use taxes) applicable in Santa Clara County, including the Town's own one-eighth cent (0.125 percent) local transactions and use tax dedicated to Town purposes. California's Transactions and Use Tax Law imposes a statutory cap that generally limits the combined tax rate of all local transactions and use taxes in a jurisdiction to 2 percent. Once the 2 percent ceiling has been reached in a jurisdiction, neither the county nor a city or special district can impose an additional transactions and use tax in that jurisdiction without first obtaining special enabling legislation from the State Legislature.

Current Sales Tax Rate in Los Gatos

According to the California Department of Tax and Fee Administration (CDTFA), the current combined sales and use tax rate in the Town of Los Gatos is 9.25 percent. This rate reflects the statewide 7.25 percent base rate plus 2.00 percent in countywide and local district taxes, including the Town's 0.125 percent transactions and use tax. Although Santa Clara County voters approved Measure A in November 2025 to add a five-eighths cent (0.625 percent) countywide sales tax, that increase will not take effect until April 1, 2026, so the operative rate in Los Gatos remains 9.25 percent at this time. It appears that the Town could still seek a one-eighths cent tax without special legislation to match Milpitas or San Jose, but at this time, we have not sought a legal opinion on that question since if a transaction and use tax is sought, the amount needed would exceed the cap and require special legislation similar to Campbell.

Statewide Cap on District Transactions and Use Taxes

Revenue and Taxation Code section 7251.1 establishes a 2 percent combined rate limitation for transactions and use taxes imposed under the Transactions and Use Tax Law in any county. In determining whether this 2 percent cap has been reached in a county, the California Department of Tax and Fee Administration aggregates all district taxes in effect within that county, including those imposed by the county and by cities. In Santa Clara County, the existing package of countywide and citywide district taxes, including the Town's 0.125 percent tax, is already counted toward that 2 percent limit, which constrains the Town's ability to add further

transactions and use taxes under general law. A 1/8th cent sales tax would generate approximately \$1.3 million, while a ½ cent would generate an estimated \$5.2 million.

Need for Special Authorizing Legislation

Because of this statutory cap, any proposal for the Town to place a meaningful transactions and use tax (more than 1/8 percent) on the ballot would require specific legislative authorization that either (a) allows Los Gatos to levy an additional tax above the 2 percent combined limit, or (b) excludes the Town's new tax from counting against that limit. Absent such authorizing legislation, a Town-sponsored half-cent measure could be challenged as inconsistent with the existing cap, exposing the Town to legal and administrative risk and creating uncertainty for voters and bond or financing markets. Seeking a narrowly tailored or amended bill in the State Legislature would provide the Town with clear legal authority to ask Los Gatos voters to consider a higher local sales tax rate while maintaining consistency with the statewide Transactions and Use Tax Law.

Example of Recent Special Legislation (AB 3259)

Assembly Bill 3259 (Wilson, Chapter 852, Statutes of 2024) provides a recent example of the type of special legislation that can authorize local agencies to exceed the 2 percent cap. AB 3259 added specific chapters to the Revenue and Taxation Code allowing the City of Campbell, the City of Pinole, the County of Solano, and any city within Solano County, by ordinance or by citizens' initiative, to impose a transactions and use tax of up to 0.5 percent that, when combined with existing district taxes, would otherwise exceed the 2 percent countywide limitation. The statute further provides that a tax imposed under this authority "shall not be considered for purposes of the combined rate limitation" in section 7251.1, and includes a sunset date, January 1, 2029, if a local ordinance or initiative has not been approved by voters by that time.

Rationale for Pursuing Similar Authority for Los Gatos

With the Town's current rate at 9.25 percent and Santa Clara County already almost counted at the full 2.00 percent in district taxes for purposes of the statutory cap, Los Gatos appears to have a 1/8th cent capacity under general law to add further Town-level transactions and use taxes without special legislation. Once the countywide Measure A increase of 0.625 percent becomes operative on April 1, 2026, the combined rate in Los Gatos will rise further. However, section 7292.5 authorized the County to impose a transactions and use tax of up to 0.625% that would not count against the 2% cap. Thus, the Town still retains some capacity, but any new Town-level tax increment above the 1/8th cents would need to be expressly authorized in

statute so that it either (a) is permitted to exceed the cap or (b) is excluded from the cap calculation, as was done for Campbell in AB 3259 and for other jurisdictions in similar special bills.

Pursuing a narrowly tailored or amended bill for Los Gatos would therefore provide the legal mechanism necessary to place a half-cent measure before voters notwithstanding the countywide cap, mirroring the approach taken in AB 3259 and comparable statutes that recognize unique fiscal circumstances while preserving the requirement that any new tax be approved by the electorate. Engaging a qualified legislative and public finance consultant at this time will allow the Town to: (1) confirm and monitor the status of the countywide rate relative to the 2 percent cap, including the implementation of Measure A; (2) develop bill language modeled on successful prior measures such as AB 3259; and (3) coordinate with legislative offices, regional partners, and CDTFA to ensure that any proposed Town measure is legally valid and administratively feasible.

Discussion of Various Revenue Options for a General Law City

The Town has several lawful options to generate additional local revenues, each with distinct voter-approval thresholds, purposes, and policy trade-offs. Broadly, these tools include a local transactions and use (sales) tax, parcel tax, utility users tax, general obligation bonds supported by a property tax override, and a variety of assessment and district-based mechanisms that fund special-benefit improvements or services. While there are other options, this report limits the options to those that are implemented more broadly in cities.

Strategic Considerations for Measure Selection

The Town's identified funding needs fall into three broad categories: ongoing operating support, capital improvements (streets, parks, facilities), and emergency preparedness (wildfire mitigation). The revenue tools available have different strengths:

- For structural operating support: A local transactions and use (sales) tax (majority-vote general tax) is best suited, providing flexible general-fund revenue that can address the operating deficit and fund ongoing services across multiple departments without legal restrictions. A sales tax also captures non-resident spending, distributing the burden beyond property owners alone. Statewide data shows majority-vote sales tax measures have achieved passage rates of 75–85% over the past five years, compared to ~35–67% for two-thirds special taxes and bonds.
- For capital improvements alongside operating support: The Town may consider pairing a sales tax measure (operating) with a separate General Obligation bond (capital). This

approach is common in California and allows voters to evaluate each tool's appropriate use.

- For narrowly targeted improvements: Assessment districts (e.g., Landscaping and Lighting districts) or Community Facilities Districts may complement broader measures by funding specific neighborhood or development-area improvements, but they cannot address Town-wide structural gaps.

Given the magnitude of the identified projected operating deficit, funding needs for the Town's top strategic priority of emergency preparedness with focus on wildfire, and the urgency of addressing significant deferred maintenance and infrastructure needs without identified revenue to support these needs, staff recommends that Council consider giving direction on whether to consider proceeding with work towards a November 2026 revenue measure, preserve the Town's ability to benefit from a broad, general transactions and use tax measure through a legislative exemption, and provide feedback on next steps for Town staff.

The Towns' current three financial analyses will help with further information about the Town and may change how the Council evaluates options. However, absent additional, sustained revenue to address the significant financial needs and projected deficits, Town staff are obligated to consider the Town Council's top strategic priority for ensuring prudent financial management which includes balancing the budget and funding necessary capital improvements. As such, the Town must work towards a plan to address the scope of services, cost footprint, and statutory obligations requiring funding within the context of a structurally balanced budget. In this scenario, all options are on the table to bring the Town into sustained balance.

Constitutional Framework

California's constitutional structure—principally Propositions 13, 218, and 26—governs how local revenues are classified, the procedures for their adoption, and the applicable voter thresholds.

- Proposition 13 limits ad valorem property taxes on real property to 1 percent of assessed value and authorizes cities, counties, and special districts to impose "special taxes" (including parcel-based special taxes) with two-thirds voter approval.
- Proposition 218 requires voter approval for all local taxes, distinguishes general from special taxes, and sets procedural and substantive requirements for assessments and property-related fees and charges.

- Proposition 26 broadly defines “tax” and narrows the range of regulatory fees and other charges that may be imposed without voter approval.

Under Article XIII C, a general tax (proceeds deposited into the general fund and usable for any governmental purpose) requires majority voter approval at a regularly scheduled general municipal election at which Council Members are elected, while a special tax (proceeds legally restricted to specific purposes) requires two-thirds voter approval.

Local Transactions and Use (Sales) Tax

A local transactions and use tax (district sales tax, commonly referred to as a local sales tax) is a voter-approved tax on taxable retail sales within a city, imposed in 0.125 percent increments and administered by the California Department of Tax and Fee Administration (CDTFA). These taxes are authorized by the Transactions and Use Tax Law, and the combined local rate in any jurisdiction is generally limited to 2 percent unless specific legislation allows an exception.

- Structure and use: A general transactions and use tax is a majority-vote measure with proceeds deposited into the Town’s general fund and allocable through the annual budget, while a special transactions and use tax is a two-thirds-vote measure legally dedicated to specified purposes such as public safety, streets, or wildfire mitigation.
- Administration: After local voter approval, the Town would adopt an ordinance, contract with CDTFA for administration and collection, and receive distributions as general-fund revenue.

For the Town, staff estimate that an additional 0.125 percent ($\frac{1}{8}$ -cent) Town sales tax could generate approximately \$1.3 million annually, while an additional 0.50 percent ($\frac{1}{2}$ -cent) could generate roughly \$5.2 million annually, making a half-cent measure a potentially meaningful tool to address the identified operating and capital funding gap. A local sales tax also captures contributions from non-residents who shop and dine in the Town, thereby reducing the exclusive burden on property owners.

Statewide experience over the past several election cycles indicates that majority-vote general sales tax measures have achieved passage rates in the range of roughly 75 to 85 percent, significantly higher than most two-thirds-vote special taxes or bond measures.

Parcel Taxes (Non-Ad Valorem Property Taxes)

A parcel tax is a non-value-based special tax imposed on parcels of real property, typically as a flat amount per parcel or based on specified parcel characteristics and is collected on the

property tax bill. Parcel taxes are widely used by cities, school districts, and special districts to fund services such as public safety, parks, libraries, or infrastructure maintenance.

- Legal structure: Under Proposition 13 and Proposition 218, parcel taxes are treated as special taxes and must be approved by at least two-thirds of the voters; they may not be based on assessed value and must avoid functioning as ad valorem property taxes.
- Implementation and equity considerations: The Town Council would define the taxable unit (e.g., per parcel or per dwelling unit), rate, duration, exemptions (such as low-income seniors), use of proceeds, and accountability provisions, with the tax then collected on the county tax roll. Because they fall solely on property owners and are often flat per parcel, parcel taxes can raise equity concerns and are generally less flexible than a general sales tax.

For the Town, a parcel tax of approximately \$100 per parcel per year is estimated to generate approximately \$1.1 million annually, with the exact amount dependent on the final tax structure, parcel counts, and exemptions.

Utility Users Tax (UUT) and Other General Taxes

A utility users tax (UUT) is a tax on the consumption of utility services, such as electricity, gas, telecommunications, and in some jurisdictions cable or refuse, by users within the Town. General law cities may also consider implementing or increasing other general taxes, including transient occupancy tax (TOT) and business license taxes, to support core services.

- Legal authority and use: Most UUTs are structured as general taxes requiring majority voter approval, though some jurisdictions have adopted UUTs as special taxes subject to a two-thirds threshold. A UUT is typically imposed by ordinance, collected by utility providers on customer bills, and remitted to the city as ongoing general-fund revenue.
- Prevalence and considerations: Approximately 150–160 California cities and several counties levy a UUT, generating on the order of \$1.8–\$2.0 billion annually statewide. UUT revenues can be significant and relatively stable, but policy concerns include the impact on ratepayers and changes in consumption approaches can make this revenue option burdensome to current ratepayers.

Other general taxes, such as TOT or adjustments to existing business license taxes, may provide targeted revenue opportunities but are likely to generate less annual revenue than a Town-level revenue measure, depending on local economic conditions.

General Obligation (GO) Bonds with Property Tax Override

General obligation bonds are voter-authorized debt instruments secured by an additional ad valorem property tax rate levied above the 1 percent Proposition 13 cap, used to finance major capital improvements rather than ongoing operating costs.

- Legal and financial structure: With two-thirds voter approval, a general law city may issue GO bonds and levy a dedicated property tax sufficient to pay annual principal and interest, with the additional levy excluded from the 1 percent cap. Bond proceeds must be used for the specific capital purposes described in the ballot measure, such as facilities, infrastructure, or other long-lived assets, and cannot be used for general operations or routine maintenance.
- Use and taxpayer communication: GO bonds are commonly used to construct or rehabilitate city halls, police and fire facilities, libraries, parks, and similar infrastructure, with voter information typically presented as a total authorization (e.g., \$50 million) and an estimated annual tax rate per \$100,000 of assessed value.

For the Town, illustrative modeling indicates that each \$10 million in GO bond authorization equates to an estimated additional property tax rate on the order of tens of dollars per \$100,000 of assessed value (as an example, roughly \$25 per \$100,000 for a \$10 million authorization), with higher authorizations scaling proportionally. GO bonds can therefore be an important tool for facility and infrastructure needs but are not a substitute for a flexible revenue source to address structural operating gaps.

Assessments, Landscaping and Lighting, and Special District Options

Special assessments and district-based financing mechanisms provide additional tools to fund improvements and services that confer “special benefits” on particular properties, but they are not general taxes and cannot support broad general-fund stabilization.

- Special assessments and benefit districts: Under Proposition 218, assessments must be proportionate to the special benefit received by each parcel, require mailed notice and a property-owner balloting process, and are typically used for localized improvements such as streetscapes, storm drainage, business districts, and neighborhood amenities.
- Landscaping and Lighting Act of 1972 districts and similar mechanisms: Landscaping and Lighting Act districts, street lighting districts, and related tools are used to finance landscaping, lighting, and related improvements and services within defined boundaries, subject to Proposition 218’s special-benefit and property-owner approval requirements.

Other district mechanisms, such as Mello-Roos Community Facilities Districts (CFDs), can finance infrastructure and specified services within a defined area through a special tax that typically requires two-thirds approval by the affected electors. Because these tools are geographically limited and legally tied to specific facilities or services, they are best viewed as targeted supplements for particular projects or new development areas, rather than primary tools to resolve Town-wide operating imbalances.

Recent Performance of Local Revenue Measures (Past Five Years)

Experience across California over the past five years provides important context for evaluating revenue options. Election data from November 2020 through November 2024¹ show that majority-vote general sales tax measures have enjoyed consistently high passage rates, while two-thirds measures, including parcel taxes and GO bonds, have struggled to reach the required supermajority.

- Across four election cycles, approximately 217 general sales tax measures were proposed statewide, of which about 181 were approved, for an aggregate passage rate of roughly 84 percent and annual success rates ranging from 76 to 89 percent.
- In the same period, parcel taxes and city/county special taxes and bonds requiring two-thirds approval achieved passage rates in the approximate range of 35 to 67 percent, depending on measure type and election.

Research and practitioner experience identify several factors associated with successful general sales tax measures:

- Clear articulation of community needs and specific service or project priorities.
- Strong accountability and transparency provisions, such as independent citizens' oversight, annual audits, and regular reporting.
- Emphasis on public safety, emergency response, and risk reduction, which consistently resonate with voters.
- Tangible, visible improvements (e.g., streets, parks, facilities) that demonstrate the return on investment.

These statewide results do not guarantee success for any individual measure, but they do indicate that a well-designed, majority-vote general sales tax has historically offered significantly higher probability of passage than revenue measures requiring a two-thirds voter

¹ Data compiled by Michael Coleman through his website www.californiacityfinance.com

threshold. Conversely, parcel taxes, GO bonds, and other two-thirds measures may be better deployed in later phases or for specific capital projects, once a general revenue foundation is in place and community support is well established.

CONCLUSION

The Town is not yet in a fiscal emergency, but current trends, including projected operating deficits, rising personnel costs, and significant unfunded capital and wildfire needs, show that the existing revenue structure will not sustain desired service levels over time. Acting now allows the Council to preserve options, rather than waiting until a structural crisis forces abrupt cuts or rushed measures.

Authorizing pursuit of special sales tax legislation and engaging professional consultants, along with allocating \$80,000 for this work, does not commit the Town to placing a measure on the November 2026 ballot. It simply ensures that, if the Council chooses to proceed, the legal foundation, technical analysis, and community engagement necessary for a well-designed, voter-ready option will be in place.

ENVIRONMENTAL REVIEW

The recommendations in this report are administrative and procedural in nature. They do not involve any discretionary approval of a project, land-use decision, or specific physical activity that would trigger California Environmental Quality Act (CEQA) review.

The recommendations do not commit the Town to placing any revenue measure on the ballot or to implementing any specific project. Those future decisions (should the Council elect to pursue a measure and should voters approve it) will be separate Council actions and may require individual CEQA analysis at the time the specific project or program is proposed. Accordingly, CEQA does not apply to the recommendations in this report.

Attachments:

Attachment 1 Five-Year Forecast updated on December 29, 2025

Attachment 2 CIP Agenda Report of November 19, 2024

Attachment 3 Wildfire Report of December 16, 2025

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FY 2026-27 DRAFT FORECAST UPDATED ON 12-29-2025

General Fund 5-Year Forecast Updated 12-29-2025 (in \$ million)

Revenue Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 16.9	\$ 18.2	\$ 19.3	\$ 20.0	\$ 20.2	\$ 21.5	\$ 21.4	\$ 21.4	\$ 22.3	\$ 23.2	\$ 24.1	\$ 25.1
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.1	5.4	5.4	5.6	5.9	6.2	6.5	6.8
Sales & Use Tax	7.2	7.5	6.8	6.5	7.0	6.6	6.9	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.1	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	3.0	2.5	2.8	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.7	6.3	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	1.3	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.7	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.7	1.4	3.1	1.6	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	4.9	4.2	3.6	3.8	3.9	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	\$ 54.4	\$ 58.4	\$ 58.5	\$ 58.1	\$ 61.5	\$ 59.8	\$ 60.4	\$ 59.2	\$ 61.0	\$ 62.9	\$ 63.3	\$ 65.3
Use of Capital/Special Projects Reserve	0.6	\$ 2.4	\$ 1.6	\$ 3.7	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Measure G Sales Tax - Operating	-	-	-	0.6	-	-	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	0.3	-	-	-	-	-	-	-
Recovery	-	-	1.5	-	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 57.6	\$ 61.1	\$ 61.9	\$ 62.4	\$ 62.9	\$ 59.8	\$ 60.4	\$ 59.2	\$ 61.0	\$ 62.9	\$ 63.3	\$ 65.3
Expenditure Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 18.9	\$ 20.5	\$ 21.5	\$ 25.2	\$ 22.4	\$ 25.4	\$ 25.4	\$ 26.8	\$ 27.6	\$ 28.2	\$ 28.8	\$ 29.4
Overtime	1.1	1.3	1.3	0.6	1.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	8.3	9.7	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	4.9	6.3	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	-	(1.9)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	1.9	2.1	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	8.2	9.9	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.7	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.8	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.2	4.9	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	\$ 49.0	\$ 51.8	\$ 52.9	\$ 59.2	\$ 54.7	\$ 60.1	\$ 60.1	\$ 62.5	\$ 64.8	\$ 67.0	\$ 67.5	\$ 69.3
Pension	0.7	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 49.8	\$ 52.5	\$ 53.5	\$ 59.6	\$ 55.4	\$ 60.5	\$ 60.5	\$ 62.9	\$ 65.2	\$ 67.4	\$ 67.9	\$ 69.7
Capital Transfers Out to GFAR	1.2	\$ 2.4	\$ 1.6	\$ 1.1	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Liability	-	-	0.4	-	0.1	-	-	-	-	-	-	-
GASB 65	-	-	0.6	-	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment	-	-	0.1	0.4	-	-	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	-	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve	-	-	-	-	1.2	-	-	-	-	-	-	-
Allocate to Pension Trust	-	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	\$ 52.1	\$ 56.2	\$ 57.6	\$ 62.1	\$ 59.1	\$ 60.9	\$ 60.9	\$ 63.3	\$ 65.6	\$ 67.8	\$ 68.3	\$ 70.1
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 5.5	\$ 4.9	\$ 4.3	\$ 0.3	\$ 3.8	\$ (1.1)	\$ (0.5)	\$ (4.1)	\$ (4.6)	\$ (4.9)	\$ (5.0)	\$ (4.8)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2025-26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 12-29-2025

A		B		C		D	
Revenue Category		FY 2026-27 Forecast Updated 12-29-2025		FY 2026-27 Forecast Published with the Adopted Budget		VARIANCE	
1	Property Tax	\$	21.4	\$	22.2	\$	(0.8)
2	VLF Backfill Property Tax		5.6		5.7		(0.1)
3	Sales & Use Tax		7.1		6.8		0.3
4	Measure G District Sales Tax		1.3		1.3		(0.0)
5	Franchise Fees		1.1		1.1		-
6	Transient Occupancy Tax		2.0		2.4		(0.4)
7	Business License Tax		2.7		2.6		0.1
8	Licenses & Permits		6.1		6.3		(0.2)
9	Intergovernmental		0.8		0.8		-
10	Town Services		5.3		5.0		0.3
11	Fines & Forfeitures		0.3		0.3		-
12	Interest		1.2		1.1		0.1
13	Other Sources		3.7		3.7		0.0
14	Fund Transfers In		0.6		0.6		-
15	TOTAL OPERATING REVENUES &	\$	59.2	\$	59.9	\$	(0.7)
	Use of Capital/Special Projects Reserve	\$	-	\$	-		
	Use of Measure G Sales Tax - Operating		-		-		
	Use of Pension/OPEB Reserve		-		-		
	Recovery		-		-		
	Use of Unassigned Fund Balance		-		-		
16	TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$	59.2	\$	59.9		
Expenditure Category		FY 2026-27 Forecast Updated 12-29-2025		FY 2026-27 Forecast Published with the Adopted Budget		Variance	
17	Salaries	\$	26.8	\$	26.8	\$	(0.0)
18	Overtime		0.7		0.7		(0.0)
19	CalPERS Benefits		10.3		10.4		(0.1)
20	All Other Benefits		5.9		6.3		(0.4)
21	4.6% Salaries and Benefits Savings		(2.0)		(2.0)		(0.0)
22	OPEB Pay as You Go		2.2		2.2		0.0
23	Operating Expenditures		10.2		9.9		0.3
24	Grants & Awards		0.3		0.3		(0.0)
25	Utilities		0.9		0.7		0.2
26	Internal Service Charges		5.3		5.3		0.0
27	Debt Service		2.1		2.1		(0.0)
28	TOTAL OPERATING EXPENDITURES	\$	62.5	\$	62.7	\$	(0.2)
30	Pension		0.4		0.4		
31	TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$	62.9	\$	63.1		
32	Allocate to Pension Trust		0.4		0.4		
	TOTAL EXPENDITURES & RESERVE	\$	63.3	\$	63.5		
	NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$	(4.1)	\$	(3.6)		

Below is the list of variances/or no changes in the Revenue and Expenditure estimates (12-29-2025).

Revenues:

Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - Projected Variance - (\$0.9) million decrease

*Based on SCCAO November 12, 2025 and HdL Coren and Cane 12-19-2025 Preliminary Property Tax Update the 2026-27 Property Tax estimates are projected lower. This is a preliminary estimate, staff will further discuss and fine tune the property tax estimates with HdL Coren and Cane before the mid-year analysis. **Row 3 and Row 4***

Column A – Sales Tax and Measure G District Sales Tax - Projected Variance \$0.3 million increase

As of October 10, 2025, Muniservices, the Town's Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately \$300,000. This revised estimate reflects stronger-than-anticipated local economic activity.

The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.

Row 5 - Column A – Franchise Fees – No Projected Variance

No Projected Change.

Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance (\$0.4) million decrease

The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by \$0.4 million.

Row 7 - Column A – Business License Tax – Projected Variance \$0.1 million increase

Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by \$0.1 million.

Row 8 - Column A – Licenses and Permits – Projected Variance (\$0.2) million decrease

Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by \$0.2 million.

Row 9 - Column A – Intergovernmental - No Projected Variance

Row 10 - Column A – Town Services - Projected Variance - \$0.3 million increase

Based on Development activities, it is anticipated that the pass-through revenues will increase by \$0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.

Row 11 - Column A – Fines and Forfeitures - No Projected Variance

Row 12 - Column A – Interest - \$0.1 million increase

Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town's existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis

Row 13 - Column A – Other Sources - No Projected Variance

Row 14 - Column A – Fund Transfers In - No Projected Variance

Expenditures:

Row 17 - Column A – Salaries - No Projected Variance

Row 18 - Column A – Overtime - No Projected Variance

Row 19 - Column A – CalPERS Benefits - Projected Variance (\$0.1) million decreases

Row 20 - Column A – All Other Benefits - Projected Variance (\$0.4) million decreases

Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance

Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are \$0.5 million less.

Row 22 - Column A – OPEB Pay as You Go - No Projected Variance

No Projected Change.

Row 23 - Column A – Operating Expenditure - Projected Variance \$0.3 million increase

Operating expenditure expected to increase by \$0.3 million based on estimated pass-through activities.

Row 24 - Column A – Grants and Awards - No Projected Variance

No Projected Change.

Row 25 - Column A – Utilities - Projected Variance \$0.2 million increase

Operating expenditure expected to increase by \$0.2 million based on FY 2024-25 actual utilities expenditures.

Row 26 - Column A – Internal Service Charges - No Projected Variance

Row 27 - Column A – Debt Services - No Projected Variance

FY 2026-27 DRAFT FORECAST UPDATED ON 10-21-2025

General Fund 5-Year Forecast Updated 10-17-2025 (in \$ million)

Revenue Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 16.9	\$ 18.2	\$ 19.3	\$ 20.0	\$ 21.5	\$ 22.2	\$ 23.1	\$ 24.0	\$ 24.9	\$ 25.9
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.2	7.5	6.8	6.5	6.6	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	2.5	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.6	1.4	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	5.0	4.2	3.8	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & USE OF CAPITAL/SPECIAL PROJECTS	\$ 54.4	\$ 58.4	\$ 58.5	\$ 58.1	\$ 59.8	\$ 60.1	\$ 61.8	\$ 63.7	\$ 64.1	\$ 66.2
Use of Measure G Sales Tax -	0.6	\$ 2.4	\$ 1.6	\$ 3.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-	-	-
Use of Council Priorities - Economic	-	-	1.5	-	-	-	-	-	-	-
Use of Unassigned Fund Balance	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 57.6	\$ 61.1	\$ 61.9	\$ 62.4	\$ 59.8	\$ 60.1	\$ 61.8	\$ 63.7	\$ 64.1	\$ 66.2
Expenditure Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 18.9	\$ 20.5	\$ 21.5	\$ 25.2	\$ 25.4	\$ 26.8	\$ 27.6	\$ 28.2	\$ 28.8	\$ 29.4
Overtime	1.1	1.3	1.3	0.6	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	\$ 49.0	\$ 51.8	\$ 52.9	\$ 59.2	\$ 60.1	\$ 62.5	\$ 64.8	\$ 67.0	\$ 67.5	\$ 69.3
Pension	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 49.8	\$ 52.5	\$ 53.5	\$ 59.6	\$ 60.5	\$ 62.9	\$ 65.2	\$ 67.4	\$ 67.9	\$ 69.7
Capital Transfers Out to GFAR	1.2	\$ 2.4	\$ 1.6	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Liability	-	-	0.4	-	-	-	-	-	-	-
GASB 65	-	-	0.6	-	-	-	-	-	-	-
Fixed Assets/ Equipment	-	-	0.1	0.4	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve	-	-	-	-	-	-	-	-	-	-
Allocate to Pension Trust	-	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	\$ 52.1	\$ 56.2	\$ 57.6	\$ 62.1	\$ 60.9	\$ 63.3	\$ 65.6	\$ 67.8	\$ 68.3	\$ 70.1
NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 5.5	\$ 4.9	\$ 4.3	\$ 0.3	\$ (1.1)	\$ (3.2)	\$ (3.8)	\$ (4.1)	\$ (4.2)	\$ (3.9)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2025-26
ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 10-21-2025

A		B		C		D	
Revenue Category		FY 2026-27 Forecast Updated 10-21-2025		FY 2026-27 Forecast Published with the Adopted Budget		VARIANCE	
1	Property Tax	\$	22.2	\$	22.2	\$	-
2	VLF Backfill Property Tax		5.7		5.7		-
3	Sales & Use Tax		7.1		6.8		0.3
4	Measure G District Sales Tax		1.3		1.3		-
5	Franchise Fees		1.1		1.1		-
6	Transient Occupancy Tax		2.0		2.4		(0.4)
7	Business License Tax		2.7		2.6		0.1
8	Licenses & Permits		6.1		6.3		(0.2)
9	Intergovernmental		0.8		0.8		-
10	Town Services		5.3		5.0		0.3
11	Fines & Forfeitures		0.3		0.3		-
12	Interest		1.2		1.1		0.1
13	Other Sources		3.7		3.7		-
14	Fund Transfers In		0.6		0.6		-
TOTAL OPERATING REVENUES &		\$	60.1	\$	59.9	\$	0.2
15	Use of Capital/Special Projects	\$	-	\$	-		
16	Use of Unassigned Fund Balance		-		-		
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*		\$	60.1	\$	59.9		
Expenditure Category		FY 2026-27 Forecast Updated 10-21-2025		FY 2026-27 Forecast Published with the Adopted Budget		Variance	
17	Salaries	\$	26.8	\$	26.8	\$	(0.1)
18	Overtime		0.7		0.7		-
19	CalPERS Benefits		10.3		10.4		(0.2)
20	All Other Benefits		5.9		6.3		(0.4)
21	4.6% Salaries and Benefits Savings		(2.0)		(2.0)		-
22	OPEB Pay as You Go		2.2		2.2		-
23	Operating Expenditures		10.2		9.9		0.2
24	Grants & Awards		0.3		0.3		-
25	Utilities		0.9		0.7		0.2
26	Internal Service Charges		5.3		5.3		-
27	Debt Service		2.1		2.1		-
28	TOTAL OPERATING EXPENDITURES	\$	62.5	\$	62.7	\$	(0.2)
30	Pension		0.4		0.4		
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$	62.9	\$	63.1		
32	Capital Transfers Out to GFAR	\$	-	\$	-		
33	Allocate to GASB 31 Mark to Market		-		-		
34	Allocate to Pension Trust		0.4		0.4		
TOTAL EXPENDITURES & RESERVE		\$	63.3	\$	63.5		
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS		\$	(3.2)	\$	(3.6)		

Below is the list of variances/or no changes in the Revenue and Expenditure estimates.

Revenues:

Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - No Projected Variance

As of the September 12, 2025 estimate from the Santa Clara County Assessor's Office (SCCAO), projected revenues are \$27,739 lower than the FY 2025–26 Adopted Budget. This is a small variance; the Finance staff does not recommend any adjustment to the FY 2026–27 Property Tax forecast at this time.

The next update from the SCCAO is scheduled for November 12, 2025, and the HdL Coren & Cone Property Tax Update is expected in January 2026.

Row 3 and Row 4 Column A – Sales Tax and Measure G District Sales Tax - Projected Variance **\$0.3 million increase**

As of October 10, 2025, Muniservices, the Town's Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately \$300,000. This revised estimate reflects stronger-than-anticipated local economic activity.

The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.

Row 5 - Column A – Franchise Fees – No Projected Variance

No Projected Change.

Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance **(\$0.4) million decrease**

The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by \$0.4 million.

Row 7 - Column A – Business License Tax – Projected Variance **\$0.1 million increase**

Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by \$0.1 million.

Row 8 - Column A – Licenses and Permits – Projected Variance **(\$0.2) million decrease**

Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by \$0.2 million.

Row 9 - Column A – Intergovernmental - No Projected Variance

Row 10 - Column A – Town Services - Projected Variance - **\$0.3 million increase**

Based on Development activities, it is anticipated that the pass-through revenues will increase by \$0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.

Row 11 - Column A – Fines and Forfeitures - No Projected Variance

Row 12 - Column A – Interest - \$0.1 million increase

Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town's existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis

Row 13 - Column A – Other Sources - No Projected Variance

Row 14 - Column A – Fund Transfers In - No Projected Variance

Expenditures:

Row 17 - Column A – Salaries - No Projected Variance

Row 18 - Column A – Overtime - No Projected Variance

Row 19 - Column A – CalPERS Benefits - Projected Variance (\$0.1) million decreases

Row 20 - Column A – All Other Benefits - Projected Variance (\$0.4) million decreases

Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance

Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are \$0.5 million less.

Row 22 - Column A – OPEB Pay as You Go - No Projected Variance

No Projected Change.

Row 23 - Column A – Operating Expenditure - Projected Variance \$0.3 million increase

Operating expenditure expected to increase by \$0.3 million based on estimated pass-through activities.

Row 24 - Column A – Grants and Awards - No Projected Variance

No Projected Change.

Row 25 - Column A – Utilities - Projected Variance \$0.2 million increase

Operating expenditure expected to increase by \$0.2 million based on FY 2024-25 actual utilities expenditures.

Row 26 - Column A – Internal Service Charges - No Projected Variance

Row 27 - Column A – Debt Services - No Projected Variance

REVENUE BASELINE AND PROJECTION FACTORS (ADOPTED FY 2025-26 BUDGET)

Type of Revenue Base Line Estimate	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change Plus \$220,000	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
VLF Backfill HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
Other Property Tax SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC Assessor Office March 2025 Notification	\$3,220,000 Including 30% to Reserve	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000
Sales Tax	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
Sales Tax - Measure G	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
Franchise Fee Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Transient Occupancy Tax Current baseline set by FY 2024- 25 Year-End Estimates	3% Plus \$20,000 from anticipated audit	3%	0%	0%	0%	0%
Business License Tax Current baseline set by FY 2024- 25 Year-End Estimates	2% Plus \$110,000 from anticipated audit	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2024- 25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
Other Sources Current baseline set by FY 2024- 25 Year-End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4/21/2025)

Beginning in FY 2020-21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2055-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Safety POA	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Management POA	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety POA - PEPRA	15.84%	14.96%	20.99%	21.74%	22.04%	25.76%
Miscellaneous TEA/Confidential/ Management	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%
Miscellaneous TEA/Confidential/ Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019-20.*

FY 2026-27 FORECAST IN THE FY 2025-26 ADOPTED BUDGET

General Fund 5-Year Forecast Updated 5-14-2025 (in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 18.2	\$ 19.3	\$ 20.2	\$ 20.0	\$ 21.5	\$ 22.2	\$ 23.1	\$ 24.0	\$ 24.9	\$ 25.9
VLF Backfill Property Tax	4.6	4.9	5.0	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.5	6.8	6.6	6.4	6.7	6.8	7.0	7.1	7.2	7.3
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.5
Franchise Fees	3.1	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	1.5	2.4	2.8	2.5	2.6	2.6	2.7	2.8	2.9
Licenses & Permits	3.3	4.0	5.8	6.1	6.3	6.3	6.4	6.5	6.6	6.7
Intergovernmental	1.6	1.2	1.1	1.2	0.8	0.8	0.9	0.9	0.9	0.9
Town Services	4.6	5.9	4.7	5.0	5.7	5.0	5.1	5.2	5.4	5.5
Fines & Forfeitures	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	2.6	1.8	1.4	1.6	1.1	1.0	0.8	0.7	1.0
Other Sources	8.1	5.0	4.1	4.7	3.8	3.7	3.9	3.9	2.7	2.6
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & USE OF CAPITAL/SPECIAL PROJECTS	\$ 58.4	\$ 58.5	\$ 57.2	\$ 58.3	\$ 59.8	\$ 59.9	\$ 61.6	\$ 63.1	\$ 63.6	\$ 65.7
Use of Capital/Special Projects	\$ 2.4	\$ 1.6	\$ 3.7	\$ 2.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Measure G Sales Tax -	-	-	0.6	0.1	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	-	0.3	-	-	-	-	-	-
Use of Council Priorities - Economic	-	1.5	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 61.1	\$ 61.9	\$ 61.5	\$ 60.8	\$ 59.8	\$ 59.9	\$ 61.6	\$ 63.1	\$ 63.6	\$ 65.7
Expenditure Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 20.4	\$ 21.5	\$ 25.2	\$ 22.6	\$ 25.4	\$ 26.8	\$ 27.4	\$ 28.0	\$ 28.5	\$ 29.2
Overtime	1.4	1.3	0.6	1.5	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	7.4	8.8	8.3	9.7	10.4	11.1	12.0	12.1	12.4
All Other Benefits	3.8	4.3	5.6	4.9	6.3	6.3	6.7	7.0	7.4	7.0
4.6% Salary and Benefits Savings	-	-	(1.8)	-	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.5	1.6	1.7	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	11.7	9.8	10.2	9.8	9.7	9.9	10.1	10.4	10.6	11.0
Grants & Awards	0.6	0.7	0.7	0.7	0.4	0.3	0.3	0.4	0.4	0.4
Utilities	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.2	4.4	4.1	4.8	5.2	5.5	5.8	6.0	6.3
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 52.9	\$ 58.2	\$ 56.7	\$ 59.9	\$ 62.7	\$ 64.9	\$ 67.3	\$ 67.6	\$ 68.9
Pension	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 52.5	\$ 53.6	\$ 58.6	\$ 57.4	\$ 60.3	\$ 63.1	\$ 65.3	\$ 67.7	\$ 68.0	\$ 69.3
Capital Transfers Out to GFAR	\$ 2.4	\$ 1.6	\$ 1.1	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Liability	-	0.4	-	0.1	-	-	-	-	-	-
GASB 65	-	0.6	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment	-	0.1	0.5	0.9	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	0.7	0.7	-	-	-	-	-	-	-	-
Allocate to Pension Trust	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	\$ 56.2	\$ 57.7	\$ 61.0	\$ 60.8	\$ 60.7	\$ 63.5	\$ 65.7	\$ 68.1	\$ 68.4	\$ 69.7
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ 4.2	\$ 0.5	\$ -	\$ (0.9)	\$ (3.6)	\$ (4.1)	\$ (5.0)	\$ (4.8)	\$ (4.0)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

FY 2025-26 BUDGET/FORECAST COMPARISON AS IT PUBLISHED ON 4/22/2024 COMPARED TO AS IT PUBLISHED ON 4/21/2025

This rest of this document includes forecasts for FY 2025-26, starting with the FY 2020-21 Proposed Budget forecast when FY 2025-26 was first forecasted. The forecast is updated periodically as the base, economy, and other factors evolve. The table on page X shows the variance between the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed Budget (published on 4/21/2025). The assumptions for the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed (published on 4/21/2025) can be located on pages B and Y of this document, as well as in the Adopted FY 2024-25 and Proposed FY 2025-26 budgets.

Below is the list of significant variances in Revenue and Expenditure estimates:

Row 8 – Column E - Licenses and Permits: \$2.4 million variance.

*The \$2.4 million Waste hauler Encroachment fee was categorized under Town Services in the **Column C Forecast**. Staff recategorized the estimated proceeds under Licenses and Permits in the **Column D Forecast**.*

Row 10 – Column E – Town Services: (\$1.1) million variance.

Considering the recategorization above, the Town Services increased by \$1.3 million. The increase includes \$647,000 development-related pass-through activities, \$255,000 increase for the Monte Sereno Police Services Contract, \$318,000 increased engineering services revenue, \$46,000 increases for School Resource Officer support from the School Districts.

Row 13 – Column E – Other Sources: \$0.7 million variance.

*Since all Measure G Revenue is programmed to provide for public safety services, the pass-through tracking revenue is characterized as other revenue. In the Column C Forecast, only half of the Measure G revenue (\$0.6 million) was characterized as **Other sources**, and the entire proceeds are characterized as Other sources in the **Column D Forecast**.*

Row 18 – Column E – Salaries: \$1.6 million variance.

***Column C Forecast** assumes 2% salary increases for TEA, AFSCME, Confidential, Management, and Temporary employees. The actual increase, as estimated in **Column D Forecast** for TEA, ASCME, Confidential, Management, and Temporary employees, was 5% in FY 2024-25, 3% in FY 2025-26, and 4% in FY 2024-25 and FY 2025-26 for AFSCME. In addition, there were equity adjustments for certain job classes that were not included in **the Column C Forecast**.*

Row 20 – Column E – CalPERS Benefits: \$0.8 million variance.

*CalPERS rates are based on actual payroll, so increased salaries will cause increased CalPERS contributions. In addition, while the Miscellaneous Group rates remained relatively flat, growing from 29.6% (**Column C Forecast**) to 30.02% (**Column D Forecast**), the Classic Safety Group required contribution changed from 98.74% (**Column C Forecast**) to 109.09% (**Column D Forecast**), and the Classic Safety Management Group estimated contribution changed 101.74% (**Column C Forecast**) to 112.09% (**Column D Forecast**)*

Row 24 – Column E – Operating Expenditures: \$2.03 million variance.

Operating expenditures experience inflationary factors as well. The prior year assumed a 3% increases; however, certain services and product prices increased by more than 3%. The variance is added up from many different items:

- This item shows half of the Measure G Expenditure under Row 31 – Column C in the **Column C Forecast**, while it is included in the Operating Expenditures in **Column D Forecast**. Measure G Fund is a subfund in General Fund, and all proceeds are expended in a given year and part of the operating expenditures.*
- The following increases listed as an example in this category that contribute to the difference between the two forecast: \$647,000 development related pass through activities, \$215,000 in legal services, \$190,000 special studies, \$150,000 temporary employee services, 127,000 in engineering services; \$70,000 miscellaneous services and repairs,\$54,000 in street closures,\$53,000 street sweeping services,\$50,000 in tree trimming services, \$37,000 townwide meetings and events, 30,000 in auto parts, \$27,000 software licenses,*

	A	B	C	D	E
	Account	Revenue Category	FY2025-26 Forecast Published 4/22/2024	FY2025-26 Proposed Budget Published 4/21/2025	Variance
1	4100	Property Tax	\$ 21.3	\$ 21.2	\$ (0.10)
2	4110	VLF Backfill Property Tax	5.3	5.4	0.10
3	4200	Sales & Use Tax	6.7	6.6	(0.16)
4	4200	Measure G District Sales Tax	1.3	1.2	(0.04)
5	4250	Franchise Fees	1.1	1.0	(0.10)
6	4251	Transient Occupancy Tax	2.4	2.4	-
7	4400	Business License Tax	2.5	2.4	(0.10)
8	4400	Licenses & Permits	3.0	5.4	2.40
9	4500	Intergovernmental	0.9	0.8	(0.10)
10	4600	Town Services	6.7	5.6	(1.10)
11	4700	Fines & Forfeitures	0.3	0.3	-
12	4800	Interest	1.4	1.4	-
13	4850	Other Sources	3.1	3.8	0.70
14	4900	Fund Transfers In	0.6	0.6	-
15	TOTAL OPERATING REVENUES & TRANSFERS		\$ 56.6	\$ 58.1	\$ 1.50
16		Use of Capital/Special Projects Reserve	\$ 1.1	\$ -	
		Use of Measure G Sales Tax - Operating	-	-	
		Use of Pension/OPEB Reserve	-	-	
		Use of OPEB Trust	-	-	
		Use of Property Surplus Reserve	-	-	
		Use of Measure G Reserve	-	-	
		ARPA Replacement Revenue	-	-	
		Use of Council Priorities - Economic Recovery	-	-	
17	TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*		\$ 57.7	\$ 58.1	
	Account	Expenditure Category	FY2025/26 Forecast	FY2025-26 Proposed Budget	Variance
18	5110	Salary	\$ 23.8	\$ 25.4	\$ 1.63
19		Overtime	0.7	0.7	0.01
20	5120	CALPERS Benefits	9.1	9.9	0.81
21	5200	All Other Benefits	6.1	6.3	0.13
22		4.6% Salary and Benefits Savings	(1.8)	(1.9)	(0.12)
23	6211	OPEB Pay as You Go	1.9	2.1	0.24
24	6000	Operating Expenditures	8.3	10.3	2.03
25	7200	Grants & Awards	0.2	0.4	0.19
26	7400	Utilities	0.7	0.7	(0.01)
27	8060	Internal Service Charges	5.2	5.0	(0.19)
28	8900	Debt Service	2.1	2.1	-
	TOTAL OPERATING EXPENDITURES		\$ 56.2	\$ 61.0	\$ 4.72
		GASB 45 Retiree Medical Actuarial	-	-	
29		Additional Discretionary Payment - Pension	0.4	0.4	
	TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 56.6	\$ 61.4	
30		Capital Transfers Out to GFAR	\$ 1.1	\$ -	
31		1/2 of Measure G Proceeds to Capital	0.6	-	
	AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS				
32		Allocate to ERAF Risk Reserve	0.8	-	
33		Allocate to Pension Trust	0.4	0.4	
34	TOTAL EXPENDITURES & RESERVE ALLOCATIONS*		\$ 59.5	61.8	
35	NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS		\$ (1.8)	(3.7)	

FY 2025-26 FORECAST- PUBLISHED 4-21-2025 (HISTORICAL DETAIL ADDED ON 4/25/2025 TO PUBLICATION)

General Fund 5-Year Forecast
(in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	\$ 18.2	\$ 19.3	\$ 20.2	\$ 20.0	\$ 21.2	\$ 22.2	\$ 23.1	\$ 24.0	\$ 24.9	\$ 25.9
VLF Backfill Property Tax	4.6	4.9	5.0	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.5	6.8	6.6	6.4	6.6	6.6	6.8	7.0	7.0	7.1
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.4	1.4
Franchise Fees	3.1	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	1.5	2.4	2.8	2.4	2.5	2.5	2.6	2.7	2.8
Licenses & Permits	3.3	4.0	5.8	6.1	5.4	5.5	5.6	5.7	5.8	5.9
Intergovernmental	1.6	1.2	1.1	1.2	0.8	1.0	1.1	1.1	1.1	1.1
Town Services	4.6	5.9	4.7	5.0	5.6	4.8	4.9	5.1	5.2	5.3
Fines & Forfeitures	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	2.6	1.8	1.4	1.4	1.1	1.0	0.7	0.6	1.0
Other Sources	8.1	5.0	4.1	4.7	3.8	3.7	3.8	3.9	2.7	2.6
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	\$ 58.4	\$ 58.5	\$ 57.2	\$ 58.3	\$ 58.1	\$ 58.8	\$ 60.4	\$ 62.0	\$ 62.4	\$ 64.5
Use of Capital/Special Projects	\$ 2.4	\$ 1.6	\$ 3.7	\$ 2.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Measure G Sales Tax -	-	-	0.6	0.1	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	-	0.3	-	-	-	-	-	-
Use of Council Priorities - Economic	-	1.5	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 61.1	\$ 61.9	\$ 61.5	\$ 60.8	\$ 58.1	\$ 58.8	\$ 60.4	\$ 62.0	\$ 62.4	\$ 64.5
Expenditure Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	\$ 20.4	\$ 21.5	\$ 25.2	\$ 22.6	\$ 25.4	\$ 26.8	\$ 27.4	\$ 28.0	\$ 28.5	\$ 29.2
Overtime	1.4	1.3	0.6	1.5	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	7.4	8.8	8.3	9.9	10.7	11.4	12.2	12.4	12.7
All Other Benefits	3.8	4.3	5.6	4.9	6.3	6.3	6.7	7.0	7.4	7.0
4.6% Salary and Benefits Savings	-	-	(1.8)	-	(1.9)	(2.0)	(2.1)	(2.2)	(2.3)	(2.3)
OPEB Pay as You Go	1.5	1.6	1.7	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	11.7	9.8	10.2	9.8	10.3	9.9	10.0	10.4	10.5	10.9
Grants & Awards	0.6	0.7	0.7	0.7	0.4	0.3	0.3	0.4	0.4	0.4
Utilities	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.2	4.4	4.1	5.0	5.3	5.7	5.9	6.1	6.4
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 52.9	\$ 58.2	\$ 56.7	61.0	\$ 63.0	\$ 65.3	\$ 67.7	\$ 67.9	\$ 69.3
Pension	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 52.5	\$ 53.6	\$ 58.6	\$ 57.4	\$ 61.4	\$ 63.4	\$ 65.7	\$ 68.1	\$ 68.3	\$ 69.7
Capital Transfers Out to GFAR	\$ 2.4	\$ 1.6	\$ 1.1	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to General Liability	-	0.4	-	0.1	-	-	-	-	-	-
GASB 65	-	0.6	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment	-	0.1	0.5	0.9	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	0.7	0.7	-	-	-	-	-	-	-	-
Allocate to Pension Trust	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	\$ 56.2	\$ 57.7	\$ 61.0	\$ 60.8	61.8	\$ 63.8	\$ 66.1	\$ 68.5	\$ 68.7	\$ 70.1
NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ 4.2	\$ 0.5	\$ -	(3.7)	\$ (5.0)	\$ (5.7)	\$ (6.5)	\$ (6.3)	\$ (5.6)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

Town of Los Gatos General Fund Historical Year-End Results (in \$ million)								
Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals
4100	Property Tax	\$ 10.8	\$ 11.5	\$ 12.5	\$ 13.6	\$ 14.5	\$ 15.8	\$ 16.9
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.2
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.3
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.8
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.9
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.5
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	4.8
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.3
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	5.3
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.3
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	(1.4)
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	7.0
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 41.7	\$ 43.2	\$ 43.6	\$ 48.7	\$ 45.6	\$ 46.6	\$ 53.7
	Capital	-	1.4	3.2	2.8	8.0	3.4	0.6
	Use of Pension/OPEB Reserve	-	-	-	-	-	4.5	0.3
	Use of Property Surplus Reserve	-	-	-	-	-	-	1.2
	Use of Almond Grove Reserve	-	5.9	-	-	-	-	-
	Use of Measure G Reserve	-	-	-	-	-	-	1.1
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 41.7	\$ 50.5	\$ 46.8	\$ 51.5	\$ 53.6	\$ 54.5	\$ 56.9
Account	Expenditure Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 Actuals
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	20.0
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.5
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.7
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.4
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	10.4
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	1.8
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	2.1
TOTAL OPERATING EXPENDITURES		\$ 33.6	\$ 34.0	\$ 36.2	\$ 38.8	\$ 40.2	\$ 42.4	\$ 49.0
	GASB 45 Retiree Medical Actuarial	1.5	2.6	1.6	1.1	1.1	0.6	0.1
	Additional Discretionary Payment - Pension	-	-	-	-	-	5.6	0.7
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 35.1	\$ 36.6	\$ 37.8	\$ 39.9	\$ 41.3	\$ 48.6	\$ 49.8
	Capital Transfers Out to GFAR	0.5	7.3	2.6	2.3	7.0	3.4	1.2
	Operating Transfer Out	0.1	-	0.6	0.5	1.1	-	-
	1/2 of Measure G Proceeds to Capital	-	-	-	-	-	-	0.7
	Fixed Assets/ Equipment	0.4	-	-	-	0.1	-	-
	Fund	-	-	1.2	3.6	0.4	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		\$ 5.6	\$ 6.6	\$ 4.6	\$ 5.2	\$ 3.7	\$ 2.5	\$ 5.9
	Allocate to Almond Grove Reserve	2.5	-	-	-	-	-	-
	Stabilization/Catastrophic	-	-	-	-	-	0.1	1.1
	Allocate to Compensated Absences	-	-	-	-	-	0.1	(0.2)
	Allocate to Market Fluctuations Reserve	0.3	0.3	-	-	1.2	-	(0.4)
	Allocate to CalPERS/Pension Reserve	-	1.8	-	-	-	0.3	0.3
	Allocate to Measure G Reserve	-	-	-	-	1.2	-	-
	Allocate to VM & Stores Surplus Reserve	-	-	-	1.0	-	-	-
	Allocate to Authorized Carryforwards	0.1	-	-	-	-	-	0.03
	Sales Tax Prior - Year Adjustments	-	0.4	-	-	-	-	-
	Allocate to Property Surplus Reserve	-	-	-	1.9	-	1.2	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 39.0	\$ 46.4	\$ 42.2	\$ 49.2	\$ 52.2	\$ 53.7	\$ 52.2
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 2.7	\$ 4.1	\$ 4.6	\$ 2.3	\$ 1.4	\$ 0.8	\$ 4.7
* Due to rounding of individual categories Total Expenditures and Reserve Allocations may include \$0.1 million. General Fund (111) Historical presentaion does not include Pension Trusts activities.								

REVENUE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-25 BUDGET - PUBLISHED 4/21/2025)

Type of Revenue Base Line Estimate	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
VLF Backfill HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
Other Property Tax SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC Assessor Office March 2025 Notification	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000	\$3,220,000
Sales Tax	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Sales Tax - Measure G	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Franchise Fee Current baseline set by FY 2024-25 Year-End Estimates	Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Transient Occupancy Tax Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	0%	0%	0%	0%
Business License Tax Current baseline set by FY 2024- 25 Year-End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2024- 25 Year-End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2024- 25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
Other Sources Current baseline set by FY 2024- 25 Year-End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4/21/2025)

Beginning in FY 2020-21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2055-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Safety POA	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Management POA	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety POA - PEPRA	15.84%	14.96%	20.99%	21.74%	22.04%	25.76%
Miscellaneous TEA/Confidential/ Management	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%
Miscellaneous TEA/Confidential/ Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019-20.*

FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025

General Fund 5-Year Forecast (in \$ million)								
Revenue Category	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Property Tax	\$ 19.3	\$ 20.2	\$ 20.0	\$ 20.6	\$ 21.3	\$ 22.0	\$ 22.8	\$ 23.6
VLF Backfill Property Tax	4.9	5.0	5.1	5.3	5.5	5.8	6.0	6.2
Sales & Use Tax	6.8	6.6	6.4	6.6	6.6	6.8	7.0	7.0
Measure G District Sales Tax	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.4
Franchise Fees	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2
Transient Occupancy Tax	2.4	2.3	2.3	2.4	2.5	2.5	2.6	2.7
Business License Tax	1.5	2.4	2.8	2.5	2.6	2.6	2.7	2.8
Licenses & Permits	3.3	3.5	3.5	3.1	3.2	3.2	3.3	3.4
Intergovernmental	1.2	1.1	1.1	0.8	0.9	0.9	0.9	0.9
Town Services	6.6	7.0	7.3	6.6	6.7	6.8	6.9	7.0
Fines & Forfeitures	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	2.6	1.8	1.4	1.0	1.0	1.0	0.7	0.7
Other Sources	5.0	4.1	4.6	3.1	3.1	3.2	3.2	2.0
Fund Transfers In	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS	\$ 58.5	\$ 57.2	\$ 57.7	\$ 55.1	\$ 56.7	\$ 58.1	\$ 59.4	\$ 59.8
Use of Capital/Special Projects Reserve	\$ 1.6	\$ 2.7	\$ 2.7	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
Use of Measure G Sales Tax - Operating	-	0.6	0.6	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorities - Economic Recovery	1.5	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 61.9	\$ 60.5	\$ 61.3	\$ 56.2	\$ 57.8	\$ 59.2	\$ 60.5	\$ 60.9
Expenditure Category	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Salary	\$ 21.5	\$ 25.2	\$ 22.6	\$ 26.0	\$ 27.2	\$ 27.7	\$ 28.3	\$ 28.9
Overtime	1.3	0.6	1.5	0.6	0.7	0.7	0.7	0.7
CalPERS Benefits	7.4	8.8	8.3	9.5	10.7	10.9	11.9	12.1
All Other Benefits	4.3	5.6	4.9	6.0	6.3	6.5	6.6	6.8
4.6% Salary and Benefits Savings	-	(1.8)	-	(1.9)	(2.1)	(2.1)	(2.2)	(2.2)
OPEB Pay as You Go	1.6	1.7	2.0	2.3	2.4	2.5	2.6	2.7
Operating Expenditures	9.8	9.2	8.8	8.2	8.5	8.6	9.0	9.1
Grants & Awards	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3
Utilities	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	3.2	4.4	4.1	4.7	4.9	5.1	5.3	5.5
Debt Service	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8
TOTAL OPERATING EXPENDITURES	\$ 52.9	\$ 57.2	\$ 55.7	\$ 58.5	\$ 61.7	\$ 62.9	\$ 65.3	\$ 65.5
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 53.6	\$ 57.6	\$ 56.4	\$ 58.9	\$ 62.1	\$ 63.3	\$ 65.7	\$ 65.9
Capital Transfers Out to GFAR	\$ 1.6	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
Transfer to General Liability	0.4	-	-	-	-	-	-	-
GASB 65	0.6	-	-	-	-	-	-	-
Fixed Assets/ Equipment	0.1	0.5	0.9	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Allocate to ERAF Risk Reserve	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS*	\$ 57.7	\$ 60.5	\$ 60.5	\$ 61.8	\$ 65.0	\$ 66.2	\$ 68.7	\$ 68.9
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.2	\$ -	\$ 0.8	\$ (5.6)	\$ (7.2)	\$ (7.0)	\$ (8.2)	\$ (8.0)
* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.								

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025)

Type-of-Revenues	FY-2024-25 Estimates Baseline	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 Forecast
Property-Tax/VLF-Backfill	Current-baseline-set-by-SCC-Assessor-Office-February-2025-report	4.1%	4.1%	4.1%	4.1%	4.1%
Motor-Vehicle-License-in-Lieu-(VLF)	Current-baseline-set-by-SCC-Assessor-Office-February-2025-report	4.1%	4.1%	4.1%	4.1%	4.1%
ERAF	Current-baseline-set-100%-of-SCC-Assessor-Office-February-2024-Update-Reserving-30%-to-ERAF-Risk-Reserve	\$1.83-million	\$1.83-million	\$1.83-million	\$1.83-million	\$1.83-million
Sales-Tax	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates
Sales-Tax--Measure-G	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates	MuniServices-January-2025-Most-Likely-Estimates
Franchise-Fee	Current-baseline-set-by-FY2024-25-Estimates	3%	3%	3%	3%	3%
Transient-Occupancy-Tax	Current-baseline-set-by-FY-2024-25-Estimates	2%	2%	2%	2%	2%
Business-License-Tax	Current-baseline-set-by-FY-2024-25-Estimates	3%	3%	3%	3%	3%
License-&-Permits	Current-baseline-set-by-FY-2024-25-Estimates	3%	3%	3%	3%	3%

Type-of-Revenues	FY-2024-25 Estimates Baseline	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 Forecast
Town-Services	Current-baseline-set-by-FY-2024-25-Estimates	3%	3%	3%	3%	3%
Fine-&Forfeitures	Current-baseline-set-by-FY-2024-25-Estimates	Varies	Varies	Varies	Varies	Varies
Yield-to-Maturity-Assumptions	Current-baseline-set-by-FY-2024-25-Actuals	3.51%	3.45%	3.37%	3.31%	3.28%
Other-Sources	Current-baseline-set-by-FY-2024-25-Estimates	Varies	Varies	Varies	Varies	Varies

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EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025)

Beginning in FY 2020-21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2024.

Beginning FY 2023-24 the total salaries and benefits budget includes 4.6% vacancy factor.

Type-of-Expenditures	FY-2024-25 Budget	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 Forecast
Salaries*(TEA)	5%	3%	3%	2%	2%	2%
Salaries*(POA)	6.5%	5%	4%	2%	2%	2%
Salaries*(AFSCME)	4%	4%	4%	2%	2%	2%
Salaries*(Management, Confidential, Temp)	5%	3%	3%	2%	2%	2%
Benefit--Medical**	4%	4%	4%	4%	4%	4%
Operating-Expenditures***	3%	3%	3%	3%	3%	3%
Grants-&Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers-Comp-Charges	Based-on-projected-payroll	3%	3%	3%	3%	3%
General-Liability-Charges	Based-on-projected-payroll	3%	3%	3%	3%	3%
Other-Internal-Service-Charges***	Based-on-operating-cost-and-scheduled-replacement	Based-on-operating-cost-and-scheduled-replacement	Based-on-operating-cost-and-scheduled-replacement	Based-on-operating-cost-and-scheduled-replacement	Based-on-operating-cost-and-scheduled-replacement	Based-on-operating-cost-and-scheduled-replacement
Debt-Service	Debt-Service-Schedules					

*Salary-increases-are-based-on-actual-step-increases-and-approved-Memoranda-of-Understanding-with-the-bargaining-units-from-FY-2024-25-through-FY-2026-27. Beyond FY-2027-28 the assumption is 2% per year cost-of-living adjustment.

**Benefit-increase-estimates-are-provided-by-CalPERS/Public-Employees'-Medical-and-Hospital-Care-Act-(PEMHCA)

***Based-on-historical-trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2024-25 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2025-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 6.1% investment return and forecasted payroll.

Beginning in FY 2021-22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020-21.

Type-of-Expenditures	FY-2024-25 Budget	FY-2025-26 Forecast	FY-2026-27 Forecast	FY-2027-28 Forecast	FY-2028-29 Forecast	FY-2029-30 Forecast
Safety POA	94.98%	98.72%	102.27%	106.14%	115.00%	117.32%
Safety Management POA	97.98%	101.72%	105.27%	109.14%	118.00%	120.32%
Safety POA--PEPRA	15.56%	15.56%	15.68%	15.69%	16.32%	16.61%
Miscellaneous TEA/AFSCME/Confidential/Management	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%
Miscellaneous TEA/AFSCME/Confidential/Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

FY 2024-25 FORECAST- PUBLISHED 4-22-2024 FY 2024-25 PROPOSED BUDGET

General Fund 5-Year Forecast (in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 Forecast
Property Tax	\$ 18.2	\$ 19.0	\$ 19.0	\$ 20.2	\$ 21.3	\$ 22.5	\$ 23.7	\$ 25.0	\$ 26.5
VLF Backfill Property Tax	4.6	4.9	4.9	5.0	5.3	5.6	5.9	6.3	6.7
Sales & Use Tax	7.5	7.0	6.7	6.6	6.7	6.9	6.9	7.0	7.1
Measure G District Sales Tax	1.3	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	3.3	3.3	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.7	2.8
Licenses & Permits	3.3	3.3	3.3	3.0	3.0	3.1	3.2	3.3	3.4
Intergovernmental	1.6	1.3	1.3	1.4	0.9	1.0	0.9	0.9	1.0
Town Services	4.6	4.6	5.0	7.0	6.7	6.8	7.0	7.2	7.4
Fines & Forfeitures	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	1.6	1.6	1.8	1.4	1.3	1.2	1.1	1.1
Other Sources	8.1	4.0	4.1	3.5	3.1	3.2	3.3	3.2	2.0
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS	\$ 58.4	\$ 55.9	\$ 56.1	\$ 56.4	\$ 56.6	\$ 58.7	\$ 60.5	\$ 62.6	\$ 63.9
Use of Capital/Special Projects Reserve	\$ 2.4	\$ 1.6	\$ 2.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
Use of Measure G Sales Tax - Operating	-	-	-	0.6	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-	-
Use of Council Priorities - Economic Recovery	-	1.5	1.5	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	\$ 61.1	\$ 59.3	\$ 59.9	\$ 58.1	\$ 57.7	\$ 59.8	\$ 61.6	\$ 63.7	\$ 65.0
Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 Forecast
Salary	\$ 20.4	\$ 21.3	\$ 21.9	\$ 23.6	\$ 23.8	\$ 24.5	\$ 25.1	\$ 25.7	\$ 26.2
Overtime	1.4	0.6	1.3	0.6	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	8.2	7.2	8.8	9.1	9.7	10.4	11.2	11.8
All Other Benefits	3.8	4.7	4.4	5.6	6.1	6.3	6.5	6.7	6.8
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)
OPEB Pay as You Go	1.5	1.6	1.6	1.7	1.9	2.0	2.0	2.0	2.0
Operating Expenditures	11.7	11.0	10.6	8.8	8.3	8.6	8.7	9.0	9.2
Grants & Awards	0.6	1.0	0.7	0.3	0.2	0.2	0.2	0.2	0.3
Utilities	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.4	4.4	5.2	5.4	5.6	5.8	6.1
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 54.5	\$ 53.9	\$ 54.8	\$ 56.2	\$ 58.4	\$ 60.1	\$ 62.2	\$ 62.7
Additional Discretionary Payment - Pension	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	\$ 52.5	\$ 55.2	\$ 54.6	\$ 55.2	\$ 56.6	\$ 58.8	\$ 60.5	\$ 62.6	\$ 63.1
Capital Transfers Out to GFAR	\$ 2.4	\$ 1.6	\$ 1.6	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1
Transfer to General Liability	-	-	0.4	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7
Allocate to ERAF Risk Reserve	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Allocate to Pension Trust	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS*	\$ 56.2	\$ 58.8	\$ 58.7	\$ 58.1	\$ 59.5	\$ 61.8	\$ 63.5	\$ 65.6	\$ 66.1
NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ 0.5	\$ 1.1	\$ -	\$ (1.8)	\$ (2.0)	\$ (1.9)	\$ (1.9)	\$ (1.1)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include \$0.1 million.

Town of Los Gatos General Fund Historical Year-End Results (in \$ million)								
Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals
4100	Property Tax	\$ 10.8	\$ 11.5	\$ 12.5	\$ 13.6	\$ 14.5	\$ 15.8	\$ 16.9
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.2
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.3
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.8
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.9
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.5
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	4.8
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.3
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	5.3
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.3
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	(1.4)
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	7.0
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 41.7	\$ 43.2	\$ 43.6	\$ 48.7	\$ 45.6	\$ 46.6	\$ 53.7
	Capital	-	1.4	3.2	2.8	8.0	3.4	0.6
	Use of Pension/OPEB Reserve	-	-	-	-	-	4.5	0.3
	Use of Property Surplus Reserve	-	-	-	-	-	-	1.2
	Use of Almond Grove Reserve	-	5.9	-	-	-	-	-
	Use of Measure G Reserve	-	-	-	-	-	-	1.1
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 41.7	\$ 50.5	\$ 46.8	\$ 51.5	\$ 53.6	\$ 54.5	\$ 56.9
Account	Expenditure Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 Actuals
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	20.0
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.5
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.7
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.4
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	10.4
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	1.8
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	2.1
TOTAL OPERATING EXPENDITURES		\$ 33.6	\$ 34.0	\$ 36.2	\$ 38.8	\$ 40.2	\$ 42.4	\$ 49.0
	GASB 45 Retiree Medical Actuarial	1.5	2.6	1.6	1.1	1.1	0.6	0.1
	Additional Discretionary Payment - Pension	-	-	-	-	-	5.6	0.7
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 35.1	\$ 36.6	\$ 37.8	\$ 39.9	\$ 41.3	\$ 48.6	\$ 49.8
	Capital Transfers Out to GFAR	0.5	7.3	2.6	2.3	7.0	3.4	1.2
	Operating Transfer Out	0.1	-	0.6	0.5	1.1	-	-
	1/2 of Measure G Proceeds to Capital	-	-	-	-	-	-	0.7
	Fixed Assets/ Equipment	0.4	-	-	-	0.1	-	-
	Fund	-	-	1.2	3.6	0.4	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		\$ 5.6	\$ 6.6	\$ 4.6	\$ 5.2	\$ 3.7	\$ 2.5	\$ 5.9
	Allocate to Almond Grove Reserve	2.5	-	-	-	-	-	-
	Stabilization/Catastrophic	-	-	-	-	-	0.1	1.1
	Allocate to Compensated Absences	-	-	-	-	-	0.1	(0.2)
	Allocate to Market Fluctuations Reserve	0.3	0.3	-	-	1.2	-	(0.4)
	Allocate to CalPERS/Pension Reserve	-	1.8	-	-	-	0.3	0.3
	Allocate to Measure G Reserve	-	-	-	-	1.2	-	-
	Allocate to VM & Stores Surplus Reserve	-	-	-	1.0	-	-	-
	Allocate to Authorized Carryforwards	0.1	-	-	-	-	-	0.03
	Sales Tax Prior - Year Adjustments	-	0.4	-	-	-	-	-
	Allocate to Property Surplus Reserve	-	-	-	1.9	-	1.2	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 39.0	\$ 46.4	\$ 42.2	\$ 49.2	\$ 52.2	\$ 53.7	\$ 52.2
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 2.7	\$ 4.1	\$ 4.6	\$ 2.3	\$ 1.4	\$ 0.8	\$ 4.7
* Due to rounding of individual categories Total Expenditures and Reserve Allocations may include \$0.1 million. General Fund (111) Historical presentation does not include Pension Trusts activities.								

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 PROPOSED BUDGET – PUBLISHED 4/22/2024)

Type-of-Revenue-Base-Line-Estimate	FY2024/25 Budget	FY-2025/26 Forecast	FY-2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY-2029/30 Forecast
Property-Tax SCC-Assessor-Office-February-2024-Report	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
VLF-Backfill SCC-Assessor-Office-February-2024-Report	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Other-Property-Tax SCC-Assessor-Office-February-2024-Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC-Assessor-Office-March-2024-Notification	\$2,534,820 Including-30%-to-Reserve	\$2,617,000 Including-30%-to-Reserve	\$2,617,000 Including-30%-to-Reserve	\$2,617,000 Including-30%-to-Reserve	\$2,617,000 Including-30%-to-Reserve	\$2,617,000 Including-30%-to-Reserve
Sales-Tax	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates
Sales-Tax--Measure-G	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates	MuniServices-March-2024 Most-Likely-Estimates
Franchise-Fee	Current-baseline-set-by-FY-2023/24-Year-End-Estimates	3%	3%	3%	3%	3%
Encroachment-Permit-Fee-from-Waste-Hauler-Provider	Current-baseline-set-by-FY-2023/24-Year-End-Estimates	3%	3%	3%	3%	3%

Type-of-Revenue-Base-Line-Estimates¶	FY2024/25¶ Budget¶	FY-2025/26¶ Forecast¶	FY-2026/27¶ Forecast¶	FY2027/28¶ Forecast¶	FY2028/29¶ Forecast¶	FY-2029/30¶ Forecast¶
Transient-Occupancy-Tax¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	3%¶	3%¶	0%¶	0%¶	0%¶	0%¶
Business-License-Tax¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	2%¶	2%¶	2%¶	2%¶	2%¶	2%¶
License-&Permits¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	3%¶	3%¶	3%¶	3%¶	3%¶	3%¶
Town-Services¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	3%¶	3%¶	0%¶	3%¶	3%¶	3%¶
Fine-&Forfeitures¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	1%¶	Varies¶	Varies¶	Varies¶	Varies¶	Varies¶
Interest¶ Varies-based-on-Portfolio¶ ¶	Weighted-Portfolio-Yield¶ 3.77%¶	Weighted-Portfolio-Yield¶ 3.59%¶	Weighted-Portfolio-Yield¶ 3.37%¶	Weighted-Portfolio-Yield¶ 3.05%¶	Weighted-Portfolio-Yield¶ 3.03%¶	Weighted-Portfolio-Yield¶ 3.01%¶
Other-Sources¶ Current-baseline-set-by-FY-2023/24-Year-End-Estimates¶	Varies¶	Varies¶	Varies¶	Varies¶	Varies¶	Varies¶

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 PROPOSED BUDGET – PUBLISHED 4/22/2024)

¶

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 71% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2024 and rate is increasing in the actual anniversary date. The FY 2024/25 Budget and the FY 2025/26 – FY 29/30 Forecast includes 4.6% salary savings. ¶

¶

Type of Expenditure	FY2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY 2029/30 Forecast
Salaries (TEA, Conf, Temp)*	0%	2%	2%	2%	2%	2%
Salaries (POA)*	6.5%	5%	4%	2%	2%	2%
Salaries (AFSCME)*	0%	2%	2%	2%	2%	2%
Salaries (Management)*	0%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Salary Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

¶

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units. 6.5% is effective from 4/1/2024. ¶

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA). ¶

***Based on historical trends. ¶

¶

"
The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022/23 CalPERS 6.1% investment return and forecasted payroll."

"

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21."

"

Type of Expenditure	FY2024/25 Budget	FY2025/26 Forecast	FY2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY2029/30 Forecast
Safety POA	94.98%	98.72%	102.27%	106.14%	115.00%	117.32%
Safety Management POA	97.98%	101.72%	105.27%	109.14%	118.00%	122.32%
Safety POA--PEPRA	15.56%	15.56%	15.68%	15.69%	16.32%	16.61%
Miscellaneous TEA/Confidential/Management	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%
Miscellaneous TEA/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

"

*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20."

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**SUMMARY OF CHANGES FY 2024-25
FROM PROPOSED TO ADOPTED**

Per Measure A, the Finance Commission received the Proposed FY 2023/24 Operating and Capital Budgets 21 business days before May 16, 2023, which was the first meeting at which the Proposed Budgets were considered by the Town Council. The Finance Commission held three public meetings at which Commissioners discussed the Proposed Budgets and provided recommendations to the Town Council per Measures A and G. On May 16, 2023, the Town Council conducted a public hearing to discuss the proposed FY 2023/24 Operating and Capital Summary Budget and Proposed FY 2023/24 – 2027/28 Capital Improvement Program. The Town Council considered public testimony, discussed both documents, considered the Finance Commission recommendations, and directed staff to bring back the documents for final approval incorporating the Council recommendations.

The Town Council adopted a balanced budget on June 6, 2023. The Adopted Budget includes a 4.6% vacancy factor, while Council directed that staff continue to hire for all vacant positions. The 4.6% salary savings represents approximately \$1.7 million projected saving that eliminates a need for Other Post Employment Benefits (OPEB) Trust withdrawal. The Adopted Budget fully recognizes the Educational Revenue Augmentation Fund (ERAF) proceeds for FY 2023/24. The Council programmed 70% of the estimated revenue and reserved 30% as the “at risk” amount until the lawsuit between the State and the School Districts is resolved.

The following table represent the changes from the proposed budget to the adopted budget.

	2023/24 Proposed Budget	Estimated Budget Revision	2023/24 Recommended Budget
REVENUES			
General Fund	\$54,130,896	\$ (914,326) (1)	\$ 53,216,570
Special Revenue Funds	542,380	-	\$ 542,380
Internal Service Funds	4,947,389	-	\$ 4,947,389
Capital Project Funds (does not include carryforwards)	8,547,920	-	\$ 8,547,920
Successor Agency Funds	3,811,664	-	\$ 3,811,664
TOTAL REVENUES	\$71,980,249	\$ (914,326)	\$ 71,065,923
OTHER FUNDING SOURCES			
Designated One-Time Use of General Fund Reserves	2,361,000	\$ 33,000	2,394,000 (2)
TOTAL TOWN REVENUES & OTHER FUNDING SOURCES	\$74,341,249	\$ (881,326)	\$ 73,459,923
TOTAL TOWN EXPENDITURES, TRANSFERS OUT & CARRYFORWARD APPROPRIATION			
General Fund	\$56,101,896	\$ (1,586,649) (3)	\$ 54,515,247
Special Revenue Funds	469,381	(9,794) (4)	459,587
Internal Service Funds	6,132,798	-	6,132,798
Capital Project Funds (does not include carryforwards)	10,658,747	- (5)	10,658,747
Successor Agency Funds	3,801,021	(87) (6)	3,800,934
TOTAL TOWN EXPENDITURE & OTHER FUNDING USES	\$77,163,843	\$ (1,596,530)	\$ 75,567,313
GENERAL FUND SOURCE(USE) OF FUND BALANCES	\$ 390,000	\$ 660,900	\$ 1,095,323
OTHER FUNDS SOURCE(USE) OF FUND BALANCES	(3,212,594)		(3,202,713) (7)
TOTAL SOURCE(USE) OF FUND BALANCES	\$ (2,822,594)	\$ 715,204	\$ (2,107,390)

(1) Additional General Fund Revenues

\$1,608,226 Decreases OPEB Trust Reimbursement for Retiree Medical
\$660,900 Increases Additional ERAF Proceeds to Reserve At Risk
\$33,000 - Increase ARPA Replacement Pass Through Revenue - Tracking

(2) Designated One-Time Use of the General Fund Reserves during FY 2023/24

\$1,615,000 - Transfer to Capital Projects (GFAR)
\$779,000 - ARPA Revenue Replacement Tracking

(3) General Fund Expenditures

\$1,663,649 - Decrease - 4.6% Salary Saving Factor
\$11,000- Increase Project Based Boards and Commissions Support
\$33,000 - Increase Chamber Agreement
\$33,000 - Increase ARPA Replacement Pass Through Expenditure - Tracking

(4) Special Revenue Fund Expenditures

\$9,794 - Decrease - 4.6% Salary Saving Factor

(5) Capital Project Funds Expenditures

No Change in Total Expenditures, \$35,000 transferred from the Lynn Avenue Pedestrian Path
Design Project (411-832-4510) to Emergency Preparedness Project (411-821-2012)

(6) Successor Agency Funds Expenditures

\$87 - Decrease - 4.6% Salary Saving Factor

(7) Other Funds Source (Use) represents planned one-time uses of Internal Service Funds, Special Revenue Funds, Trust Funds, and Capital Project Funds primary for infrastructure and equipment investment.

Numbers may differ between exhibits due to rounding.

While the Adopted Budget document reflects all of the approved changes, the Town Manager Transmittal Letter dated April 17, 2023 represents the proposed FY 2023/24 Operating and Capital Budgets as it was submitted on April 17, 2023. The five-year forecast on the following page has been updated to reflect the adjustments to revenues and expenditures in the FY 2023/24 Adopted Budget.

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	\$ 17.0	\$ 17.2	\$ 17.9	\$ 17.8	\$ 18.5	\$ 18.9	\$ 19.5	\$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 51.1	\$ 55.9	\$ 52.2	\$ 51.3	\$ 52.8	\$ 54.2	\$ 55.5	\$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust	-	-	-	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 55.4	\$ 64.7	\$ 54.5	\$ 52.1	\$ 53.6	\$ 55.0	\$ 56.3	\$ 57.8
Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4.6% Salary and Benefits Savings	-	-	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	9.0	8.8	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.8	0.6	0.6	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		\$ 50.8	\$ 53.0	\$ 51.9	\$ 52.9	\$ 54.2	\$ 55.9	\$ 57.4	\$ 59.4
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 51.5	\$ 53.7	\$ 52.3	\$ 53.3	\$ 54.6	\$ 56.3	\$ 57.8	\$ 59.8
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Recovery	-	5.7	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 54.9	\$ 63.1	\$ 54.5	\$ 55.1	\$ 56.4	\$ 58.1	\$ 59.6	\$ 61.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.5	\$ 1.6	\$ -	\$ (3.0)	\$ (2.8)	\$ (3.1)	\$ (3.3)	\$ (3.8)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities.									

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
Proposed Surplus/Deficit	(\$3.1)	(\$2.8)	(\$3.2)	(\$3.5)	(\$4.0)
Adopted Surplus/Deficit	(\$3.0)	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

FY 2023-24 MID-YEAR-REPORT AND FORECAST – PUBLISHED 2/10/2024

General Fund 5-Year Forecast - Base Case (in \$ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax	\$ 18.2	\$ 18.6	\$ 19.0	\$ 18.6	\$ 19.5	\$ 20.4	\$ 21.3	\$ 22.3
VLF Backfill Property Tax	4.6	4.7	4.9	4.9	5.2	5.4	5.7	6.0
Sales & Use Tax	7.5	7.9	7.0	7.0	7.2	7.2	7.3	7.5
Measure G District Sales Tax	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	2.1	3.3	3.4	3.5	3.6	3.7	3.8
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.5	2.5	2.6
Business License Tax	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8
Licenses & Permits	3.3	2.9	3.3	2.9	3.0	3.1	3.2	3.3
Intergovernmental	1.6	1.2	1.4	0.9	0.9	1.0	0.9	0.9
Town Services	4.6	4.4	5.1	4.2	4.3	4.4	4.5	4.6
Fines & Forfeitures	0.4	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Interest	0.6	1.0	1.6	1.7	1.6	1.5	1.4	1.3
Other Sources	8.1	3.9	4.1	3.1	3.1	3.2	3.3	3.2
Fund Transfers In	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*	\$ 58.4	\$ 53.5	\$ 56.6	\$ 53.7	\$ 55.5	\$ 57.3	\$ 58.8	\$ 60.6
Use of Capital/Special Projects Reserve	2.4	2.1	0.8	0.8	0.8	0.8	0.8	0.8
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorities - Economic Recovery	-	1.6	1.5	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES	\$ 61.1	\$ 57.2	\$ 59.2	\$ 54.5	\$ 56.3	\$ 58.1	\$ 59.6	\$ 61.4

Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Salary	\$ 20.4	21.3	21.5	23.2	23.7	24.2	24.8	25.3
Overtime	1.4	0.6	1.2	0.6	0.6	0.6	0.6	0.6
CalPERS Benefits	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2
All Other Benefits	3.8	4.7	4.2	5.6	5.8	6.0	6.2	6.4
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)
OPEB Pay as You Go	1.5	1.6	1.6	1.8	1.9	2.0	2.0	2.0
Operating Expenditures	11.7	10.0	10.9	8.7	8.8	9.2	9.4	9.7
Grants & Awards	0.6	0.9	0.9	0.4	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.3	4.0	4.2	4.4	4.6	4.8
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES	\$ 51.8	\$ 53.4	\$ 53.8	\$ 54.2	\$ 55.5	\$ 57.5	\$ 59.1	\$ 61.2
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY	\$ 52.5	\$ 53.8	\$ 54.5	\$ 54.6	\$ 55.9	\$ 57.9	\$ 59.5	\$ 61.6
Capital Transfers Out to GFAR	2.4	1.6	1.6	1.1	1.1	1.1	1.1	1.1
Allocate ERAF Risk Reserve	0.7	0.7	0.8	-	-	-	-	-
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS	\$ 56.2	\$ 57.2	\$ 57.5	\$ 56.8	\$ 58.1	\$ 60.1	\$ 61.7	\$ 63.8
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	\$ 4.9	\$ -	\$ 1.7	\$ (2.3)	\$ (1.8)	\$ (2.0)	\$ (2.1)	\$ (2.4)

* Due to rounding of individual categories FY 2022/23 Actual total revenues, and FY 2023/24 Estimated total expenditures includes \$0.1 million.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2024)

Type-of-Revenue	FY-2023/24 Estimates Baseline	FY-2024/25 Forecast	FY-2025/26 Forecast	FY-2026/27 Forecast	FY-2027/28 Forecast	FY-2028/29 Forecast
Property-Tax/VLF-Backfill	Current-baseline-set-by-SCC-Assessor-Office-February-2024-report	5.1%	5.1%	5.1%	5.1%	5.1%
Motor-Vehicle-License-in-Lieu-(VLF)	Current-baseline-set-by-SCC-Assessor-Office-February-2024-report	5.1%	5.1%	5.1%	5.1%	5.1%
ERAF	Current-baseline-set-100%-of-SCC-Assessor-Office-November-2023-report-Reserving-30%-to-ERAF-Risk-Reserve	\$1.25-million	\$1.25-million	\$1.25-million	\$1.25-million	\$1.25-million
Sales-Tax	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates
Sales-Tax--Measure-G	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates	MuniServices-January-2024 Most-Likely-Estimates
Franchise-Fee	Current-baseline-set-by-FY-2023/24-Estimates	3%	3%	3%	3%	3%
Transient-Occupancy-Tax	Current-baseline-set-by-FY-2023/24-Estimates	3%	3%	3%	3%	3%
Business-License-Tax	Current-baseline-set-by-FY-2023/24-Estimates	2%	2%	2%	2%	2%
License-&Permits	Current-baseline-set-by-FY-2023/24-Estimates	3%	3%	3%	3%	3%

Type-of-Revenue	FY-2023/24 Estimates Baseline	FY-2024/25 Forecast	FY-2025/26 Forecast	FY-2026/27 Forecast	FY-2027/28 Forecast	FY-2028/29 Forecast
Town-Services	Current-baseline-set-by-FY-2023/24-Estimates	3%	3%	3%	3%	3%
Fine-&Forfeitures	Current-baseline-set-by-FY-2023/24-Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current-baseline-set-by-FY-2023/24-Actuals	4%	4%	3%	3%	3%
Other-Sources	Current-baseline-set-by-FY-2023/24-Estimates	Varies	Varies	Varies	Varies	Varies

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EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2024)

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Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2023. Beginning FY 2023/24 the total budget includes 4.6% vacancy factor. ¶

Type of Expenditure	FY 2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2024/25 Forecast
Salaries* (TEA, Conf, Temp)	3%	2%	2%	2%	2%	2%
Salaries* (POA)	3%	2%	2%	2%	2%	2%
Salaries* (AFSCME) ¶	3%	2%	2%	2%	2%	2%
Salaries* (Management)	3%	2%	2%	2%	2%	2%
Benefit-- Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	3%	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers Comp Charges	Based on projected payroll	Additional \$0.5 M to the base	3%	3%	3%	3%
General Liability Charges	Based on projected payroll	Additional \$0.45 M to the base	3%	3%	3%	3%
Other Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

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*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment. ¶

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA) ¶

***Based on historical trends. ¶

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The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022/23 CalPERS 6.1% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Type-of-Expenditure	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Safety POA	81.31%	96%	98.7%	102.3%	106.1%	116.0%
Safety Management POA	84.31%	99%	101.7%	105.3%	109.1%	118%
Safety POA--PEPRA	14.5%	15.6%	15.6%	15.7%	16.0%	16.0%
Miscellaneous TEA/AFSCME/Confidential/Management	29.97%	30.6%	29.6%	31.0%	32.3%	33.8%
Miscellaneous TEA/AFSCME/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.97%	30.6%	29.6%	31.0%	32.3%	33.8%

FY 2023-24 PROPOSED BUDGET FORECAST- PUBLISHED 4/17/2023

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	\$ 17.0	\$ 17.2	\$ 17.9	\$ 17.8	\$ 18.5	\$ 18.9	\$ 19.5	\$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 51.1	\$ 55.9	\$ 52.2	\$ 51.3	\$ 52.8	\$ 54.2	\$ 55.5	\$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust	-	-	1.6	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 55.4	\$ 64.7	\$ 56.1	\$ 52.1	\$ 53.6	\$ 55.0	\$ 56.3	\$ 57.8
Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4% Salary and Benefits Savings	-	-	-	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	8.9	8.7	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.7	0.6	0.3	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		\$ 50.8	\$ 53.0	\$ 53.5	\$ 53.0	\$ 54.2	\$ 56.0	\$ 57.6	\$ 59.6
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 51.5	\$ 53.7	\$ 53.9	\$ 53.4	\$ 54.6	\$ 56.4	\$ 58.0	\$ 60.0
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Recovery	-	5.7	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 54.9	\$ 63.1	\$ 56.1	\$ 55.2	\$ 56.4	\$ 58.2	\$ 59.8	\$ 61.8
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.5	\$ 1.6	\$ -	\$ (3.1)	\$ (2.8)	\$ (3.2)	\$ (3.5)	\$ (4.0)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trust activities.									

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 PROPOSED BUDGET - PUBLISHED 4/17/2023)

Type of Revenue Base Line Estimate	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2023 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Additional	\$187K	\$327K Cumulative	\$467K Cumulative	3%	3%	3%
ERAF SCC Assessor Office March 2023 report	SCCAO Recommends 70% of FY 2022/23 Anticipated Proceeds	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K	50% of FY 2023/24 Anticipated Proceeds \$770K
Sales Tax	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Sales Tax - Measure G	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Franchise Fee (Not Including Garbage Franchise Fees)	Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	3%
Garbage Franchise Fee	Partial proceeds from July 2023 – Feb 2024 \$1.2M	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K	50% of FY 2022/23 anticipated proceeds \$940K

Type of Revenue Base Line Estimates	FY 2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Transient Occupancy Tax Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	1%	1%
Business License Tax Current baseline set by FY 2022/23 Year End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2022/23 Year End Estimates	4.4%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2022/23 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2022/23 Year End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest	Varies based on portfolio	1%	1%	1%	1%	1%
Other Sources Current baseline set by FY 2022/23 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2023-24 PROPOSED BUDGET - PUBLISHED 4/17/2023)

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 70% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2022 and rate is increasing in the actual anniversary date. The FY 2024/25 – FY 2028/29 Forecast includes 4% salary savings. All positions are fully budgeted in FY 2023/24 Proposed Budget.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Salaries*	3%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Salary Savings	0%	4%	4%	4%	4%	4%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Safety POA	81.30%	87.00%	90.90%	90.80%	99.30%	108.40%
Safety Management POA	84.30%	90.00%	93.90%	93.80%	102.30%	111.40%
Safety POA - PEPR	14.50%	14.70%	15.00%	15.40%	15.90%	16.40%
Miscellaneous TEA/Confidential/Management	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%
Miscellaneous TEA/Confidential/Management PEPR						
Separate PEPR rate for Miscellaneous has not been established yet by CalPERS.	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

FY 2022-23 MID-YEAR REPORT AND FORECAST- PUBLISHED 2/10/2023

Town of Los Gatos General Fund 5-Year Forecast - Base Case (in \$ million)

Account	Revenue Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	\$ 16.9	\$ 16.6	\$ 17.0	\$ 16.3	\$ 16.8	\$ 17.3	\$ 17.8	\$ 18.4
4110	VLF Backfill Property Tax	4.2	4.4	4.6	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.2	7.9	7.5	7.7	8.0	8.2	8.4	8.7
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4
4250	Franchise Fees	2.8	2.5	2.7	2.7	2.8	2.9	3.0	3.1
4251	Transient Occupancy Tax	1.9	1.6	2.0	2.1	2.2	2.2	2.3	2.4
4400	Business License Tax	1.5	1.4	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	4.8	2.8	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.1	1.3	1.0	1.0	1.0	1.2	1.1
4600	Town Services	5.3	4.4	5.1	3.8	3.8	3.9	4.0	4.1
4700	Fines & Forfeitures	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
4800	Interest	(1.4)	0.4	0.5	0.4	0.4	0.4	0.4	0.4
4850	Other Sources	7.0	3.2	2.5	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 53.7	\$ 48.3	\$ 50.5	\$ 48.1	\$ 49.3	\$ 50.6	\$ 52.3	\$ 53.7
	Capital	0.6	2.4	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	0.7	-	-	-	-	-	-
	ARPA Replacement Revenue	-	1.6	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 56.9	\$ 54.5	\$ 53.2	\$ 48.9	\$ 50.1	\$ 51.4	\$ 53.1	\$ 54.5
Account	Expenditure Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.0	23.3	22.0	23.1	23.6	24.1	24.6	25.2
5120	Cal PERS Benefits	6.5	7.7	7.1	8.1	8.4	8.5	9.0	9.4
5200	All Other Benefits	3.7	4.6	3.9	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.4	1.5	1.6	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	10.4	7.1	7.8	6.9	7.2	7.3	7.6	7.7
7200	Grants & Awards	1.8	0.2	0.6	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.6	2.7	2.4	2.9	3.1	3.3	3.7	3.8
8900	Debt Service	2.1	1.9	2.0	2.1	2.1	2.1	1.9	2.1
TOTAL OPERATING EXPENDITURES		\$ 49.0	\$ 49.5	\$ 48.1	\$ 49.8	\$ 51.3	\$ 52.5	\$ 54.3	\$ 55.8
	GASB 45 Retiree Medical Actuarial	0.1	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 49.8	\$ 49.9	\$ 48.8	\$ 50.2	\$ 51.7	\$ 52.9	\$ 54.7	\$ 56.2
	Capital Transfers Out to GFAR	1.2	2.3	2.4	0.8	0.8	0.8	0.8	0.8
	1/2 of Measure G Proceeds to Capital Fund	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7
		-	0.4	0.7	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	1.1	-	-	-	-	-	-	-
	Allocate to Compensated Absences	(0.2)	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	(0.4)	-	-	-	-	-	-	-
	Allocate to Cal PERS/Pension	0.3	-	-	-	-	-	-	-
	Allocate from CalPERS/Pension	(0.3)	-	-	-	-	-	-	-
	Allocate to Authorized Carryforwards	0.03	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 52.1	\$ 53.3	\$ 52.5	\$ 51.6	\$ 53.2	\$ 54.4	\$ 56.2	\$ 57.7
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 4.7	\$ 1.2	\$ 0.7	\$ (2.7)	\$ (3.1)	\$ (3.0)	\$ (3.1)	\$ (3.2)
* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trusts activities.									

REVENUE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2023)

Type of Revenue	FY 2022/23 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office November 2022 report	3%	3%	3%	3%	3%
ERAF	Current baseline set 70% of SCC Assessor Office November 2022 report	\$400K	\$400K	\$400K	\$400K	\$400K
Sales Tax	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates
Sales Tax - Measure G	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates	<u>MuniServices</u> January 2023 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2022/23 Estimates	5%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2022/23 Estimates	2%	2%	2%	2%	2%
License & Permits	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
Town Services	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%

Type of Revenue	FY 2022/23 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Fine & Forfeitures	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2021/22 Actuals	1%	1%	1%	1%	1%
Other Sources	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies

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EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST –
PUBLISHED 2/10/2023)

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of January 20, 2023, and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*(TEA, Conf, Temp)	3-8%	3%	2%	2%	2%	2%
Salaries *(POA)	7.25%	3%	2%	2%	2%	2%
Salaries*(AFSCME)	7.5%	3%	2%	2%	2%	2%
Salaries * (Management)	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.

** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

*** Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	81.31%	86.65%	90.15%	93.71%	96.09%
Safety Management POA	72.44%	84.31%	89.65%	93.15%	96.71%	99.09%
Safety POA - PEPRA	14.62%	14.5%	14.5%	14.5%	14.5%	14.5%
Miscellaneous TEA/AFSCME/Confidential/Management	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%
Miscellaneous TEA/AFSCME/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%

FY 2022-23 PROPOSED BUDGET FORECAST- PUBLISHED 4/18/2022

Account	Revenue Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	\$ 15.4	\$ 15.7	\$ 16.6	\$ 15.7	\$ 16.1	\$ 16.6	\$ 17.1	\$ 17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	4.2	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	2.2	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 48.1	\$ 45.8	\$ 47.0	\$ 46.4	\$ 47.5	\$ 48.9	\$ 50.4	\$ 51.5
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	-	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.0	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 51.0	\$ 49.0	\$ 50.4	\$ 47.2	\$ 48.3	\$ 49.7	\$ 51.2	\$ 52.3
Account	Expenditure Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.9	19.2	21.5	21.6	22.2	22.5	23.0	23.5
5120	CalPERS Benefits	7.3	6.2	7.3	7.5	7.8	7.7	8.0	8.1
5200	All Other Benefits	4.2	3.4	4.4	4.6	4.7	4.8	5.0	5.1
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 46.6	\$ 43.3	\$ 47.0	\$ 47.5	\$ 49.3	\$ 50.1	\$ 51.7	\$ 52.9
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 47.1	\$ 44.1	\$ 47.4	\$ 47.9	\$ 49.7	\$ 50.5	\$ 52.1	\$ 53.3
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 50.5	\$ 48.3	\$ 50.4	\$ 49.4	\$ 51.2	\$ 52.0	\$ 53.7	\$ 54.9
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.5	\$ 0.6	\$ -	\$ (2.2)	\$ (2.9)	\$ (2.3)	\$ (2.5)	\$ (2.6)
* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.									
General Fund (111) Forecast does not include Pension Trusts activities.									

REVENUE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2022-23 BUDGET – PUBLISHED 4/17/2022)

Type of Revenue Base Line Estimate	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2022 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Starting in FY 2021/22	North 40 Sales	3%	3%	3%	3%	3%
ERAF SCC Assessor Office March 2022 report	SCCA recommend 70% of FY 2021/22 anticipated proceeds	\$400K	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Franchise Fee Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	5%	5%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Business License Tax Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	0%	0%	0%
License & Permits Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2021/22 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2021/22 Year End Estimates	3%	Varies	Varies	Varies	Varies	Varies
Interest Current baseline set by FY 2021/22 Year End Estimates	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio
Other Sources Current baseline set by FY 2021/22 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2022-23 BUDGET – PUBLISHED 4/17/2022)

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2022 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*	2%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2022/23 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2021/22 which are presently expected to below the 6.8% discount rate.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the Five-Year Forecast period in accordance with the CalPERS adopted risk mitigation strategy, and the lowering of the discount rate to the present rate of 6.8% as of 6/30/2022. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.69%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.69%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%	13.76%
Miscellaneous TEA/Confidential/Management	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%
Miscellaneous TEA/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

FY 2021-22 MID-YEAR REPORT AND FORECAST- PUBLISHED 2/11/2022

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)

Account	Revenue Category	2020/21 Actuals	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
4100	Property Tax	\$ 15.8	\$ 15.9	\$ 15.4	\$ 15.5	\$ 15.7	\$ 16.1	\$ 16.6	\$ 17.1
4110	VLF Backfill Property Tax	4.1	4.2	4.2	4.4	4.5	4.6	4.8	4.9
4200	Sales & Use Tax	6.8	7.2	7.0	7.5	7.7	7.9	8.1	8.2
4200	Measure G District Sales Tax	1.1	1.0	1.2	1.2	1.2	1.3	1.3	1.4
4250	Franchise Fees	2.5	2.6	2.5	2.6	2.7	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.0	0.9	1.4	1.4	1.5	1.5	1.6	1.6
4400	Business License Tax	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	2.7	3.2	2.8	2.9	3.0	3.0	3.1
4500	Intergovernmental	1.6	4.4	1.6	1.0	1.0	1.0	1.0	1.1
4600	Town Services	4.6	3.6	3.9	3.4	3.5	3.6	3.7	3.7
4700	Fines & Forfeitures	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.1	0.4	0.4	0.2	0.2	0.2	0.2	0.2
4850	Other Sources	3.7	2.3	2.5	2.2	2.2	2.2	2.2	2.3
4900	Fund Transfers In	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 46.6	\$ 47.3	\$ 45.4	\$ 44.2	\$ 45.2	\$ 46.2	\$ 47.4	\$ 48.6
	Capital	3.4	0.6	0.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	4.5	-	-	-	-	-	-	-
	Other	-	-	0.3	-	-	-	-	-
	Use of Property Surplus Reserve	-	1.2	1.2	-	-	-	-	-
	Use of Measure G Reserve	-	0.6	0.6	0.6	0.6	0.6	0.7	0.7
	ARPA Replacement Revenue	-	-	1.4	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 54.5	\$ 49.7	\$ 49.2	\$ 45.6	\$ 46.6	\$ 47.6	\$ 48.9	\$ 50.1
Account	Expenditure Category	2020/21 Actuals	2020/21 Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
5110	Salary	20.2	20.8	20.6	20.6	21.2	21.8	22.3	22.8
5120	CalPERS Benefits	6.4	7.3	6.6	6.9	7.3	7.7	7.6	7.9
5200	All Other Benefits	3.7	4.2	3.8	4.0	4.1	4.2	4.3	4.4
6211	OPEB Payas You Go	1.3	1.3	1.5	1.5	1.6	1.8	1.9	1.9
6000	Operating Expenditures	5.7	6.2	6.6	6.3	6.3	6.5	6.5	6.8
7200	Grants & Awards	0.3	1.0	1.1	0.2	0.2	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.3	2.7	2.6	2.9	3.1	3.2	3.5	3.6
8900	Debt Service	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 42.4	\$ 46.1	\$ 45.3	\$ 45.0	\$ 46.5	\$ 48.0	\$ 48.9	\$ 50.3
	GASB 45 Retiree Medical Actuarial	0.6	0.1	0.1	0.4	0.3	0.2	0.2	0.2
	Additional Discretionary Payment - Pension	5.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 48.6	\$ 46.6	\$ 45.8	\$ 45.8	\$ 47.2	\$ 48.6	\$ 49.5	\$ 50.9
	Capital Transfers Out to GFAR	3.4	2.8	2.8	1.4	1.4	1.4	1.5	1.5
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	0.1	-	-	-	-	-	-	-
	Allocate to Compensated Absences	0.1	-	-	-	-	-	-	-
	Allocate to Property Surplus Reserve	1.2	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	0.3	-	-	-	-	-	-	-
	Allocate to Measure G - Capital	-	0.5	0.6	-	-	-	-	-
	Allocate to ARPA Reserve	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 53.7	\$ 49.9	\$ 49.2	\$ 47.2	\$ 48.6	\$ 50.0	\$ 51.0	\$ 52.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ 0.8	\$ (0.2)	\$ -	\$ (1.6)	\$ (2.0)	\$ (2.4)	\$ (2.1)	\$ (2.3)
* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million. General Fund (111) Forecast does not include Pension Trusts activities. (\$37,810 in interest proceeds in FY 2020/21)									

REVENUE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID-YEAR AND FORECAST - PUBLISHED 2/11/2022)

Type of Revenue	Base Line Estimate	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office 2/4 2022 report	3%	3%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	North 40 Phase 1 Sales	3%	3%	3%	3%
ERAF	Current baseline set 70% of SCC Assessor Office 2/4 2022 report	\$400K	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2021/22 actual estimated proceeds	3%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2021/22 Estimates	5%	5%	0%	0%	0%
License & Permits	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%

Town Services	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2021/22 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Based on Portfolio Analysis and Current and Expected Yields during the forecast period	\$217K	\$222K	\$227K	\$232K	\$237K
Other Sources	Current baseline set by FY 2021/22 Estimates	Varies	Varies	Varies	Varies	Varies

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EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID YEAR AND FORECAST - PUBLISHED 2/11/2022)

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of February 1, 2022, and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Salaries*	2%	2%	2%	2%	2%
Benefit - Medical**	3%	3%	3%	3%	3%
Operating Expenditures***	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%
Utilities***	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules				

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.

** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

*** Based on historical trends.

The Town's required employer contribution rate estimates were developed using estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$5.6M 2015 unfunded amortization base were paid off in early FY 2020/21.

Type of Expenditure	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%
Miscellaneous TEA/Confidential/Management	29.43%	30.04%	30.64%	28.45%	28.73%
<i>Miscellaneous TEA/Confidential/Management PEPRA</i>	29.43%	30.04%	30.64%	28.45%	28.73%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

FY 2021-22 PROPOSED BUDGET - PUBLISHED 4/19/2021

Account	Revenue Category	2020/21 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
4100	Property Tax	\$ 13.9	\$ 14.7	\$ 15.7	\$ 15.8	\$ 16.3	\$ 16.8	\$ 17.3	\$ 17.8
4110	VLF Backfill Property Tax	4.1	4.1	4.2	4.3	4.4	4.5	4.7	4.8
4200	Sales & Use Tax	6.7	6.2	7.2	7.4	7.7	7.8	8.0	8.2
4200	Measure G District Sales Tax	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.1
4250	Franchise Fees	2.5	2.5	2.6	2.7	2.8	2.8	2.9	3.0
4251	Transient Occupancy Tax	0.7	0.7	0.9	1.1	1.2	1.3	1.4	1.5
4400	Business License Tax	1.1	1.3	1.3	1.3	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.0	3.0	2.7	2.8	2.9	3.0	3.0	3.1
4500	Intergovernmental	1.5	4.3	3.9	0.9	0.9	0.9	0.9	0.9
4600	Town Services	3.9	3.7	3.6	3.4	3.5	3.6	3.7	3.8
4700	Fines & Forfeitures	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.6	0.6	0.4	0.3	0.2	0.2	0.2	0.2
4850	Other Sources	3.4	3.5	2.4	2.3	2.3	2.2	2.2	2.2
4900	Fund Transfers In	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 43.1	\$ 46.2	\$ 46.7	\$ 44.1	\$ 45.4	\$ 46.4	\$ 47.6	\$ 48.8
	Capital	3.4	3.4	0.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	4.5	4.5	-	-	-	-	-	-
	Other	0.9	0.9	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 51.9	\$ 55.0	\$ 47.3	\$ 44.9	\$ 46.2	\$ 47.2	\$ 48.4	\$ 49.6
		0 -							
Account	Expenditure Category	2020/21 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
5110	Salary	20.3	20.6	20.2	20.0	20.1	20.2	20.4	20.4
5120	CalPERS Benefits	7.3	6.4	7.3	7.5	7.9	8.2	8.0	8.2
5200	All Other Benefits	4.1	3.8	4.2	3.9	4.0	4.1	4.2	4.2
6211	OPEB Pay as You Go	1.3	1.3	1.3	1.4	1.5	1.7	1.8	1.9
6000	Operating Expenditures	6.6	6.1	6.1	6.1	6.1	6.4	6.4	6.7
7200	Grants & Awards	0.2	0.6	0.5	0.2	0.3	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.4	2.4	2.7	2.9	3.1	3.3	3.4	3.4
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 44.6	\$ 43.7	\$ 44.9	\$ 44.6	\$ 45.5	\$ 46.6	\$ 46.9	\$ 47.7
	GASB 45 Retiree Medical Actuarial	0.6	0.6	0.5	0.4	0.3	0.2	0.2	0.2
	Additional Discretionary Payment - Pension	4.9	4.9	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 50.1	\$ 49.2	\$ 45.8	\$ 45.4	\$ 46.2	\$ 47.2	\$ 47.5	\$ 48.3
	Capital Transfers Out to GFAR	3.4	3.4	0.6	0.8	0.8	0.8	0.8	0.8
	Allocate to Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Allocate to ARPA Reserve	-	1.2	0.9	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 54.7	\$ 55.0	\$ 47.3	\$ 46.2	\$ 47.0	\$ 48.0	\$ 48.3	\$ 49.1
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		\$ (2.8)	\$ -	\$ -	\$ (1.3)	\$ (0.8)	\$ (0.8)	\$ 0.1	\$ 0.5

* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2011-22 PROPOSED BUDGET - PUBLISHED 4/19/2021)

Type of Revenue	Base Line Estimate	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office January 2020 report.	3%	3%	3%	3%	3%
North 40 Property Sales	Starting in FY 2021/22	North 40 Phase 1 Sales	3%	3%	3%	3%
ERAF	Current baseline set by SCC Assessor Office March 2021 report	SCCA recommend 50% of FY 2020/21 anticipated proceeds	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 3/19/2021	MuniServices 3/19/2021 Optimistic Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/19/2021	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2020/21 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2020/21 Year End Estimates	20%	10%	10%	5%	5%

Type of Revenue	Base Line Estimate	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Business License Tax	Current baseline set by FY 2020/21 Year End Estimates	5%	5%	0%	0%	0%
License & Permits	Current baseline set by FY 2020/21 Year End Estimates	3%	3%	3%	3%	3%
Town Services	Current baseline set by FY 2020/21 Year End Estimates	3%	0%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2020/21 Year End Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2020/21 Year End Estimates	0%	0%	0%	0%	0%
Other Sources	Current baseline set by FY 2020/21 Year End Estimates	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2011-22 PROPOSED BUDGET - PUBLISHED 4/19/2021)

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already top step or one step below top step. As of mid-April 2021, the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2021 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Salaries*	0%	0%	0%	0%	0%	0%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

*** Based on historical trends.

The Town's required employer contribution rate estimates were developed using estimates provided by each pension plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Rates shown for FY 2021/22 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2022/23 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2020/21 which are presently expected to exceed the 7% discount rate.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the total of approximately \$5.8 million (2013 partial and 2015) unfunded amortization bases that were paid off in FY 2020/21. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the five-year forecast period in accordance with the CalPERS adopted risk mitigation strategy, lowering its discount rate from the present rate of 7.0% to 6.6% as of the 6/30/27 actuarial valuation. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Safety POA	62.94%	74.89%	78.61%	82.33%	84.63%	86.78%
Safety Management POA	65.94%	77.89%	81.61%	85.33%	87.63%	89.78%
Safety POA - PEPRA	15.74%	15.07%	15.07%	14.03%	14.05%	14.06%
Miscellaneous TEA/Confidential/Management	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%
Miscellaneous TEA/Confidential/Management PEPRA						
Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%

*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

FY 2020-21 MID-YEAR REPORT AND FORECAST - PUBLISHED 2/12/2021

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)								
Account	Revenue Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
4100	Property Tax	\$ 14.7	\$ 13.9	\$ 14.1	\$ 15.2	\$ 15.6	\$ 16.2	\$ 16.6
4110	VLF Backfill Property Tax	4.0	4.1	4.2	4.3	4.4	4.5	4.7
4200	Sales & Use Tax	7.0	6.7	7.3	7.5	7.7	7.8	7.9
4200	Measure G District Sales Tax	1.0	1.0	1.0	1.0	1.1	1.1	1.1
4250	Franchise Fees	2.5	2.5	2.6	2.7	2.8	2.8	2.8
4251	Transient Occupancy Tax	2.3	0.7	1.0	1.1	1.2	1.2	1.3
4400	Business License Tax	1.3	1.1	1.2	1.2	1.2	1.2	1.2
4400	Licenses & Permits	3.1	3.0	2.9	2.9	3.0	3.1	3.1
4500	Intergovernmental	1.0	1.3	0.7	0.8	0.8	0.8	0.9
4600	Town Services	4.0	3.8	3.5	3.5	3.5	3.5	3.6
4700	Fines & Forfeitures	0.4	0.1	0.3	0.3	0.3	0.3	0.3
4800	Interest	0.6	0.6	0.5	0.3	0.2	0.2	0.3
4850	Other Sources	2.3	3.5	2.3	2.3	2.3	2.3	2.3
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 44.8	\$ 42.9	\$ 42.1	\$ 43.6	\$ 44.5	\$ 45.5	\$ 46.6
	Use of Capital/Special Project Reserve - Capital	3.4	3.4	0.6	0.6	0.6	0.6	0.6
	Use of Pension/OPEB Reserve	4.2	4.5	0	0	0	0	0
	Use of Capital/Special Project Reserve - Other	0.9	0.9	0	0	0	0	0
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 53.3	\$ 51.7	\$ 42.7	\$ 44.2	\$ 45.1	\$ 46.1	\$ 47.2
Account	Expenditure Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
5110	Salary	20.2	20.3	19.7	19.7	19.9	20.1	20.2
5120	CalPERS Benefits	7.3	6.4	7.5	7.5	7.2	7.5	7.6
5200	All Other Benefits	4.1	3.7	3.9	3.9	4.0	4.1	4.2
6211	OPEB Pay as You Go	1.3	1.3	1.4	1.4	1.4	1.5	1.8
6000	Operating Expenditures	6.7	6.1	5.4	5.4	5.6	5.7	5.8
7200	Grants & Awards	0.2	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.6	0.6
8060	Internal Service Charges	2.4	2.4	2.6	2.6	2.8	3.0	3.2
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 44.7	\$ 42.8	\$ 43.1	\$ 43.1	\$ 43.7	\$ 44.6	\$ 45.7
	GASB 45 Retiree Medical Actuarial	0.6	0.6	0.6	0.5	0.4	0.3	0.2
	Additional Discretionary Payment - Pension	4.6	4.9	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 49.9	\$ 48.3	\$ 44.1	\$ 44.0	\$ 44.5	\$ 45.3	\$ 46.3
	Capital Transfers Out to GFAR	3.4	3.4	0.6	0.6	0.6	0.6	0.6
	Transfer to Internal Service Funds	0	0	0	0	0	0	0
	Pension/OPEB Transfer to Pension Trust Fund	0	0	0	0	0	0	0
	Allocate to Compensated Absences	0	0	0	0	0	0	0
	Allocate to Vehicle Maintenance and Stores Surplus	0	0	0	0	0	0	0
	Allocate to Property Surplus Reserve	0	1.2	0	0	0	0	0
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 53.3	\$ 52.9	\$ 44.7	\$ 44.6	\$ 45.1	\$ 45.9	\$ 46.9
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS		\$ -	\$ (1.2)	\$ (2.0)	\$ (0.4)	\$ -	\$ 0.2	\$ 0.3
* Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits \$0.1 million.								

REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021)

Type-of-Revenue	Base-Line-Estimate	FY-2021/22 Forecast	FY-2022/23 Forecast	FY-2023/24 Forecast	FY-2024/25 Forecast	FY-2025/26 Forecast
Property-Tax/VLF-Backfill	Current-baseline-set-by-SCC-Assessor-Office-2/14-2020-report	2.5%	2.5%	3%	3%	3%
North-40 Property-Sales	Starting-in-2021/22	North-40-Phase-1-Sales	North-40-Phase-1-Sales	3%	3%	3%
ERAF	Current-baseline-set-50%-of-SCC-Assessor-Office-February-6-2021-report	\$400K	\$400K	\$400K	\$400K	\$400K
Sales-Tax	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates
Sales-Tax--Measure-G	MuniServices-Date-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates	MuniServices-1/29/2021-Conservative-Estimates
Franchise-Fee	Current-baseline-set-by-FY-2020/21-Estimates	3%	3%	3%	3%	3%
Transient-Occupancy-Tax	Current-baseline-set-by-FY-2020/21 actual-estimated-proceeds 69%-decrease-from-adopted-budget	30%	20%	5%	5%	5%
Business-License-Tax	Current-baseline-set-by-FY-2020/21-Activities	5%	5%	0%	0%	0%

Type-of-Revenue	Base-Line-Estimate	FY-2021/22 Forecast	FY-2022/23 Forecast	FY-2023/24 Forecast	FY-2024/25 Forecast	FY-2025/26 Forecast
License-& Permits	Current-baseline-set-by-FY-2020/21-Estimates	0%	3%	3%	3%	3%
Town-Services	Current-baseline-set-by-FY-2020/21-Estimates	0%	3%	3%	3%	3%
Fine-& Forfeitures	Current-baseline-set-by-FY-2020/21-Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Based-on-Portfolio-Analysis-and-Current-and-Expected-Yields-during-the-forecast-period	\$400K	\$300K	\$250K	\$250K	\$250K
Other-Sources	Current-baseline-set-by-FY-2020/21-Estimates	Varies	Varies	Varies	Varies	Varies

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EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021)

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already top step or one step below to step. Currently the Town has five vacant positions and is actively recruiting of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2020 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Salaries	0%	0%	0%	0%	0%
Benefit-- Medical	7%	7%	7%	7%	7%
Operating Expenditures	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%
Utilities	3%	3%	3%	3%	3%
Internal Service Charges	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules				

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

**Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

***Based on historical trends.

The Town's required employer contribution rate estimates were developed using estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the approximate \$3.7M 2015 unfunded amortization base expected to be paid off in early FY 2020/21.

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Type of Expenditure	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Safety POA	69.36%	69.41%	71.79%	75.01%	76.79%
Safety Management POA	72.36%	72.41%	74.79%	78.01%	79.79%
Safety POA--PEPRA	15.04%	15.06%	15.05%	14.01%	14.01%
Miscellaneous TEA/Confidential/Management	33.54%	30.87%	31.67%	32.69%	30.69%
Miscellaneous TEA/Confidential/Management PEPRA	33.54%	30.87%	31.67%	32.69%	30.69%

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*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

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FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)							
Account	Revenue Category	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
4100	Property Tax	\$ 14.7	\$ 15.1	\$ 15.8	\$ 16.2	\$ 16.7	\$ 16.5
4110	VLF Backfill Property Tax	4.0	4.0	4.1	4.2	4.3	4.3
4200	Sales & Use Tax	8.0	8.1	8.2	8.4	8.5	8.6
4250	Franchise Fees	2.5	2.6	2.7	2.8	2.9	2.9
4251	Transient Occupancy Tax	2.3	2.2	2.2	2.2	2.2	2.2
4400	Business License Tax	1.3	1.3	1.3	1.4	1.4	1.4
4400	Licenses & Permits	3.1	2.9	3.0	3.0	3.1	3.1
4500	Intergovernmental	1.0	0.7	0.8	0.8	0.9	0.9
4600	Business License Tax	4.0	4.1	4.2	4.2	4.2	4.3
4700	Fines & Forfeitures	0.4	0.4	0.4	0.5	0.5	0.5
4800	Interest	0.6	0.8	0.2	0.7	0.2	0.2
4850	Other Sources	2.3	2.2	2.2	2.2	2.2	2.2
4900	Fund Transfers In	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 44.8	\$ 44.9	\$ 45.6	\$ 47.1	\$ 47.6	\$ 47.6
	Use of Capital/Special Project Reserve - Capital	3.4	0.6	0.6	0.6	0.6	0.6
	Use of Pension/OPEB Reserve	4.2	0	0	0	0	0
	Use of Capital/Special Project Reserve - Other	0.8	0	0	0	0	0
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 53.2	\$ 45.5	\$ 46.2	\$ 47.7	\$ 48.2	\$ 48.2
Account	Expenditure Category	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
5110	Salary	20.2	19.9	19.9	20.0	20.1	20.1
5120	CalPERS Benefits	7.3	7.3	8.2	8.7	9.0	9.0
5200	All Other Benefits	4.1	4.1	4.2	4.3	4.4	4.5
6211	OPEB Pay as You Go	1.3	1.4	1.4	1.5	1.7	1.8
6000	Operating Expenditures	6.6	5.8	6.1	6.2	6.5	6.5
7200	Grants & Awards	0.2	0.2	0.3	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.4	2.7	2.8	3.0	3.2	3.4
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		\$ 44.6	\$ 44.0	\$ 45.4	\$ 46.5	\$ 47.7	\$ 48.1
	GASB 45 Retiree Medical Actuarial	0.6	0.5	0.4	0.3	0.2	0.2
	Additional Discretionary Payment - Pension	4.6	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 49.8	\$ 44.9	\$ 46.2	\$ 47.2	\$ 48.3	\$ 48.7
	Capital Transfers Out to GFAR	3.4	0.6	0.6	0.6	0.6	0.6
	Transfer to Internal Service Funds	0	0	0	0	0	0
	Pension/OPEB Transfer to Pension Trust Fund	0	0	0	0	0	0
	Allocate to Compensated Absences	0	0	0	0	0	0
	Surplus	0	0	0	0	0	0
	Allocate to Property Surplus Reserve	0	0	0	0	0	0
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 53.2	\$ 45.5	\$ 46.8	\$ 47.8	\$ 48.9	\$ 49.3
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS		\$ -	\$ -	\$ (0.6)	\$ (0.1)	\$ (0.7)	\$ (1.1)
* Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits \$0.1 million.							

REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021)

Type of Revenue	Base Line Estimate	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office May 2020 report.	2%	0%	3%	3%	3%
Annexation Additional	\$1,000,000 starting FY 2020/21	0%	0%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	N/A	North 40 Phase 1 Sales	North 40 Phase 1 Sales	3%	3%
ERAF	Current baseline set by SCC Assessor Office May 2020 report 40% decline	SCCA recommend 50% of FY 2019/20 anticipated proceeds	\$400K	\$400K	\$400K	\$400K
Sales Tax	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates
Sales Tax - Measure G	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates
Franchise Fee	Current baseline set by FY 2019/20 Adopted Budget.	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2018/19 actual proceeds	-15%	-5%	0%	0%	0%

Type of Revenue	Base Line Estimate	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast
Business License Tax	Current baseline set by FY 2019/20 Activity	0%	0%	3%	3%	3%
License & Permits	Current baseline set by FY 2019/20 Adopted Budget.	-8.7%	0%	3%	3%	3%
Town Services	Current baseline set by FY 2019/20 Adopted Budget.	-7.3%	0%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2019/20 Adopted Budget.	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2019/20 Adopted Budget.	1%	1%	2%	2%	2%
Other Sources	Current baseline set by FY 2019/20 Adopted Budget.	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021)

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already top step or one step below to step. Currently the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2020 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Salaries*	1% increase & 2% Non-PERSable Cash Bonus	0%	0%	0%	0%	0%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

*Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.

** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)

*** Based on historical trends.

The Town's required employer contribution rate estimates were developed using estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. All plans reflect estimates of increased contributions beginning in FY 2022/23 related to the current estimate of zero return on investments for FY 2019/20. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate \$4.8M 2016 unfunded amortization base paid off in October 2019 and the approximate \$3.7M 2015 unfunded amortization base expected to be paid off in early FY 2020/21.

Type of Expenditure	FY 2020/21 Budget	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Safety POA	58.98%	67.67%	72.14%	75.91%	79.46%	81.56%
Safety Management POA	61.98%	66.67%	75.14%	78.91%	82.46%	84.56%
Safety POA - PEPRA	15.95%	15.99%	16.58%	17.14%	15.29%	15.71%
Miscellaneous TEA/Confidential/Management	34.23%	31.59%	33.66%	35.46%	37.12%	35.50%
Miscellaneous TEA/Confidential/Management PEPRA	37.43% Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	36.30%	36.30%	36.30%	42.43%	40.82%

*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.



**TOWN OF LOS GATOS
SPECIAL MEETING OF THE TOWN COUNCIL: STUDY
SESSION AGENDA
NOVEMBER 19, 2024
110 EAST MAIN STREET AND VIA TELECONFERENCE
TOWN COUNCIL CHAMBERS
5:45 PM**

*Mary Badame, Mayor
Matthew Hudes, Vice Mayor
Rob Moore, Council Member
Rob Rennie, Council Member
Maria Ristow, Council Member*

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom Webinar by following the instructions listed below. The live stream of the meeting may be viewed on television and/or online at www.LosGatosCA.gov/TownYouTube.

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:

- **Zoom Webinar (Online):** Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: <https://losgatosca.gov.zoom.us/j/85441506294?pwd=TMHBa1ofL5mPW6cJNPdt1rTZvvrMx8.1>
Passcode: 115486 You can also type in 854 4150 6294 in the “Join a Meeting” page on the Zoom website at Zoom.us/join and use passcode 115486.
 - When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.
- **Telephone:** Please dial (877) 336-1839 for US Toll-free or (636) 651-0008 for US Toll. (Conference code: 1052180)
 - If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- **In-Person:** Please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

NOTES: (1) Comments will be limited to three (3) minutes or less at the Mayor’s discretion.

(2) If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment). All comments received will become part of the record.

(3) Deadlines to submit written comments are:

11:00 a.m. the Thursday before the Council meeting for inclusion in the agenda packet.

11:00 a.m. the Monday before the Council meeting for inclusion in an addendum.

11:00 a.m. on the day of the Council meeting for inclusion in a desk item.

(4) Persons wishing to make an audio/visual presentation must submit the presentation electronically to Clerk@losgatosca.gov no later than 3:00 p.m. on the day of the Council meeting.

CALL MEETING TO ORDER

ROLL CALL

APPROVE REMOTE PARTICIPATION *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Council Member to participate remotely under AB 2449 (Government Code 54953)).*

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Council only on matters listed on the agenda. Each speaker is limited to three minutes or such time as authorized by the Mayor.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

1. Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos.

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time.)*

ADA NOTICE In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354- 6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104].



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 11/19/2024

ITEM NO. 1.

ITEM NO: 1

DATE: November 14, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos

RECOMMENDATION:

Receive and provide initial feedback on the preliminary report addressing the capital infrastructure needs of the Town of Los Gatos.

EXECUTIVE SUMMARY:

This report provides an overview of known Los Gatos' current and future capital infrastructure needs, highlighting both funded and unfunded projects critical to maintaining the Town's assets. Key areas of focus include ADA compliance, building assessments, and potential future investments such as police facility consolidation. This session initiates the first of ongoing discussions aimed at developing a long-term strategy to prioritize, fund, and address these needs effectively.

Table 1 is a summary of current projected costs of known capital needs as presented in the report.

The Town has made good strides in assessing Town facilities and identifying part of the scope of the capital needs, capital maintenance, as well as compiling new capital planned or desired. However, there does not appear to exist a coherent, strategic, and robust approach to capital spending. More work is necessary, and staff looking forward to building a coherent and clear strategy for its work. The focus going forward is intended to be thoughtful analysis, refining expectations to match what can actually be done with existing resources, and in a balanced manner, to take care of what we have before what we want.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

SUBJECT: Receive a Report on the Capital Infrastructure Needs of the Town of Los Gatos

DATE: November 14, 2024

Table 1. Summary of Current Known Capital and Maintenance Needs

Items / Need	Current Opinion of Potential Costs (2024\$)
Town Owned Buildings - Maintenance	\$ 20,278,913
Town Owned Buildings – Capital Needs	\$ 1,490,000
Parks ¹	\$ 28,189,000
Storm Drainage	\$ 23,126,500
Streets and Roads	\$ 166,037,000
IT Needs	\$ 310,000

Notes:

1. Cost does not include restoration plans for Ross Creek and Los Gatos Creek as recommended in General Plan 2040.

As noted above information presented here is a first step in the process of building out a capital improvement program. In coming months staff will work to spread these costs over a multi-year horizon and develop a projection of annual capital funding that is needed to maintain and manage the Town's existing infrastructure and complete projects currently in progress (e.g., Highway 17 Overcrossing at Blossom Hill Road). Staff will also continue to develop the annual projections of roadway resurfacing and curb, gutter, sidewalk repair work, which are currently not included in this discussion.

BACKGROUND:

The Town of Los Gatos prepares a Capital Improvement Program (CIP) Budget annually to address critical infrastructure projects deemed a priority by the Town Council. Historically, CIP funding has been constrained, leading to deferred maintenance and postponed projects across critical areas. This report serves as the starting point for a broader assessment to address these long-standing funding limitations and prepare a structured, sustainable funding plan for future needs.

Through this Study Session, staff is providing initial information about the unfunded capital needs of the Town to increase the Town Council and the public's awareness of these items. This session is expected to be the first in a series of discussions designed to develop a holistic, long-term funding strategy to maintain existing infrastructure and explore the potential construction of new capital assets.

In recent years, when considering capital projects, the priority has been to:

SUBJECT: Receive a Report on the Capital Infrastructure Needs of the Town of Los Gatos

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1. Continue to fund ongoing projects.
2. Increase funding for existing one-time projects when necessary to complete the project.
3. Consider new projects that are critical to operations.
4. Assess potential new projects if funding allows.

However, because available funding for capital projects is limited, many projects are deferred each year and not funded, which adds to the cumulative backlog of infrastructure needs. The impact of limited staffing resources to support project delivery has also hindered the Town's ability to complete necessary projects within anticipated timelines, further contributing to deferred maintenance and postponed capital improvements.

Attachment 1 provides a 10-year summary of capital funding history, reflecting trends in ongoing and one-time types of funding levels. This overview is intended to inform ongoing discussions by highlighting the limitations in prior funding and their long-term implications on Town infrastructure.

As noted in this attachment, the source of ongoing funding comes from restricted Gas Tax funding, which is limited in use to transportation uses, such as public streets, roadways, bike, and pedestrian facilities. Additionally, the Town has a maintenance of effort to match this funding source resulting in additional investment from the General Fund for these transportation uses. The Town has been investing General Fund and other resources to the GFAR for use on capital projects, but such sources cannot sustain the ongoing transportation and facilities needs.

Current Projects and Their Statuses

Attachment 2 includes an updated list of the currently funded Capital Improvement Projects (CIP), detailing each project's budget history, project lead, and current funding status. This list was initially presented to the Town Council in May 2024 and has been updated to reflect Fiscal Year 2023/2024 financial closeout and spending as of September 30, 2024.

Overall, current-year project spending has been lower than anticipated due to some projects scheduled for construction in Spring 2025, meaning spending will occur later in the fiscal year. Additionally, the pace of capital project delivery is impacted by limited staffing resources available to support these efforts. The Parks and Public Works (PPW) team responsible for project execution includes the PPW Director, the Superintendent, the Facilities Operations Manager, the Town Engineer, one Senior Engineer, one Assistant Engineer, and a Construction Project Manager.

The report highlights that these staffing constraints contribute to delays in project timelines, resulting in deferred maintenance and extended project durations. Despite these challenges, the team remains committed to advancing each project efficiently and effectively within available resources.

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This section provides a snapshot of active projects and is intended to keep the Town Council and the public informed of progress and potential delays in improving the Town's infrastructure.

While this is an initial conversation, there is much more to be done to develop a comprehensive approach to capital needs that includes assessing the Town's present and future capacity to support both the capital and operational requirements of such capital. Additionally, a robust capital program should include the challenging process of prioritizing needs related to existing capital, future required capital, and other capital desires to match the funding available.

DISCUSSION:

Currently, the Parks and Public Works Department (PPW) maintains a comprehensive list of the Town's ongoing and unfunded capital project needs. These needs are categorized into three main areas: Facilities, Non-Facility Related Needs, and Potential Future Major Needs. Each category is described in detail below.

Facilities Related Needs

In Fiscal Year 2021/22, staff completed a thorough condition assessment of all Town-owned buildings. This assessment documented the current physical state of each property and identified necessary repairs and replacements anticipated over a 15-year period. The results of each assessment were compiled into individual reports for each building and consolidated into a summary table projecting expenses for all Town-owned properties.

Alongside these condition assessments, staff engaged Disability Access Consultants to evaluate all Town-owned buildings and assets (including parks, sidewalks, and other public spaces) for compliance with the Americans with Disabilities Act (ADA). ADA improvements commonly needed include adjustments to door pressures, automatic push bars, door widths, and walkway slopes. The resulting comprehensive database allows staff to systematically address ADA deficiencies as part of broader projects when feasible, and the database is regularly updated as improvements are completed. Because the database is comprehensive and includes a large volume of data, staff has calculated the total cost of improvements needed in each building and distributed them evenly across future fiscal years.

Attachment 3 provides a summary of projected maintenance and repair needs for each Town-owned building, based on recent condition assessments and ADA compliance evaluations. This table consolidates anticipated expenses over a 11-year period, taking into account work already completed since the assessments. Current projections estimate that the Town will require approximately \$20.28 million (in 2024 dollars) over the next 11 years to address these needs comprehensively. This summary is intended to assist the Town Council in understanding the scope of required infrastructure investments and prioritize funding allocations accordingly.

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Streets, Parks, and Other Non-Building Needs

The Town also tracks long-term capital needs for non-building assets, which include streets, parks, sidewalks, and other community infrastructure. **Attachment 4** lists future projects identified in these areas, including ADA compliance upgrades for parks, streets, and sidewalks. ADA work on streets and sidewalks is undertaken annually as part of the street resurfacing program, but a more comprehensive, long-term plan is needed to address other infrastructure.

Additionally, several projects outlined in the 2040 General Plan and the Bicycle and Pedestrian Master Plan remain unfunded and unprioritized. In the coming months, staff will work to develop a prioritization framework and long-term funding plan for these projects, similar to the approach taken for Town-owned buildings. This effort aims to ensure systematic progress in addressing critical infrastructure needs.

At this time, the projects on Attachment 4 have not been prioritized. In the coming months, staff will be working to develop a long-term plan for these projects similar to the one for buildings as seen in attachment 3.

Potential Future Major Needs

Several larger projects or “wish list items” have been identified for potential future consideration, though no formal direction has been received from the Town Council to proceed at this time. These potential projects are outlined below to provide preliminary information and cost estimates:

- **Police Operations Consolidation:** The Los Gatos Monte Sereno Police Department (LGMSPD) operates out of two buildings located 1.5 miles apart: the Civic Center and the Police Operations Building (POB). Operational inefficiencies have resulted from this separation, and the POB may not meet current law enforcement facility and security standards. Additionally, the POB houses the Town’s Emergency Operations Center (EOC) but has limited parking capacity, which could hinder EOC activation during emergencies. In the Fiscal Year 2023/24 CIP Budget, Project 821-2404 was created to conduct a space study evaluating the POB’s functionality and recommending optimization solutions. The estimated cost for a new or upgraded facility ranges from \$1,800 to \$2,200 per square foot in 2025 dollars, assuming construction occurs on Town-owned property.
- **Civic Center Upgrades:** Built in 1964, the Civic Center requires modernization to meet the current and future needs of the Town. Staff recommends conducting a study to evaluate the building’s use and determine necessary improvements. The study is estimated to cost \$100,000 to \$125,000. Subsequent improvement costs would be determined based on study findings.
- **Projects Identified in the 2040 General Plan:** The 2040 General Plan outlines two potential feasibility studies for community cultural infrastructure: one for a performing

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arts center (General Plan Item 6.14QQ) and another for an art and history museum (General Plan Item 6.14RR). These projects are currently unfunded and are not on the active work plan but are included here to prompt early-stage consideration.

CONCLUSION:

This report provides an overview of the currently known unfunded capital and maintenance needs of town-owned facilities. The information provided is intended to start a conversation about the future of current projects, potential future projects, and potential ways to prioritize meeting the Town's needs.

COORDINATION:

This report has been coordinated with the Town Manager's Office, the Finance Department, the Los Gatos Monte Sereno Police Department, the Library Director, and the Chief Technology Officer.

FISCAL IMPACT:

There is no fiscal impact in receiving this report. Due to historical funding constraints and limited staffing resources, numerous infrastructure projects remain unfunded or deferred. This report initiates a series of discussions aimed at developing a strategic funding approach to meet both immediate and long-term infrastructure needs.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. History of Capital Funding
2. Current Projects
3. Facilities Needs
4. Roads, Parks and Other Projects

10 Year Summary

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Gas Tax										
Beginning Fund Balance	\$ 297,303	\$ 1,075,828	\$ 1,651,113	\$ 693,508	\$ 703,150	\$ 853,821	\$ 290,370	\$ 1,425,096	\$ 1,836,068	\$ 1,671,245
Source of Funds	884,525	682,594	611,472	865,606	1,217,552	1,261,933	1,283,966	1,385,187	1,617,538	1,827,522
Use of Funds	106,000	107,309	1,569,077	855,965	1,066,881	1,825,384	149,241	974,215	1,782,361	1,570,600
Ending Fund Balance	\$ 1,075,828	\$ 1,651,113	\$ 693,508	\$ 703,150	\$ 853,821	\$ 290,370	\$ 1,425,096	\$ 1,836,068	\$ 1,671,245	\$ 1,928,167
Utility Underground Funds										
Beginning Fund Balance	\$ 2,687,790	\$ 2,814,352	\$ 2,881,501	\$ 2,929,116	\$ 2,997,984	\$ 3,079,685	\$ 3,118,173	\$ 3,201,311	\$ 3,302,514	\$ 3,438,996
Source of Funds	126,561	67,150	47,615	68,868	81,701	87,489	107,763	101,630	136,482	145,255
Use of Funds	-	-	-	-	-	49,000	24,626	427	-	-
Ending Fund Balance	\$ 2,814,352	\$ 2,881,501	\$ 2,929,116	\$ 2,997,984	\$ 3,079,685	\$ 3,118,173	\$ 3,201,311	\$ 3,302,514	\$ 3,438,996	\$ 3,584,251
Traffic Mitigation Funds										
Beginning Fund Balance	\$ 178,226	\$ 184,940	\$ 207,207	\$ 228,542	\$ 260,487	\$ 304,648	\$ 348,661	\$ 381,319	\$ 405,570	\$ 431,079
Source of Funds	90,612	609,962	163,126	151,452	118,787	136,639	397,094	552,042	725,597	296,721
Use of Funds	83,897	587,695	141,791	119,507	74,626	92,626	364,435	527,791	700,088	218,308
Ending Fund Balance	\$ 184,940	\$ 207,207	\$ 228,542	\$ 260,487	\$ 304,648	\$ 348,661	\$ 381,319	\$ 405,570	\$ 431,079	\$ 509,491
Grant Funds										
Beginning Fund Balance	\$ (288,730)	\$ (369,988)	\$ (379,946)	\$ (380,252)	\$ (134,111)	\$ (255,637)	\$ (343,705)	\$ (699,244)	\$ (948,603)	\$ (406,890)
Source of Funds	870,911	171,485	3,093	261,534	257,968	396,335	342,973	8,505,080	1,693,216	2,310,178
Use of Funds	952,169	181,443	3,400	15,394	379,494	484,403	698,512	8,754,439	1,151,504	4,466,791
Ending Fund Balance	\$ (369,988)	\$ (379,946)	\$ (380,252)	\$ (134,111)	\$ (255,637)	\$ (343,705)	\$ (699,244)	\$ (948,603)	\$ (406,890)	\$ (2,598,237)
Storm Drain Funds										
Beginning Fund Balance	\$ 1,330,894	\$ 1,592,794	\$ 1,668,054	\$ 1,805,441	\$ 2,485,997	\$ 2,628,557	\$ 2,760,276	\$ 2,917,690	\$ 3,218,811	\$ 3,218,331
Source of Funds	261,900	171,080	150,137	807,249	172,260	172,719	158,025	340,369	217,601	312,917
Use of Funds	-	95,820	12,750	126,692	29,700	41,000	611	39,248	218,081	-
Ending Fund Balance	\$ 1,592,794	\$ 1,668,054	\$ 1,805,441	\$ 2,485,997	\$ 2,628,557	\$ 2,760,276	\$ 2,917,690	\$ 3,218,811	\$ 3,218,331	\$ 3,531,248
GFAR										
Beginning Fund Balance	\$ 8,302,327	\$ 15,531,605	\$ 14,788,787	\$ 18,253,744	\$ 12,175,060	\$ 8,518,983	\$ 13,861,073	\$ 15,433,836	\$ 14,783,788	\$ 21,725,837
Source of Funds										
Dedicated to Streets	962,375	504,658	522,722	604,325	690,831	1,096,738	1,182,448	1,306,705	1,068,991	1,043,816
Council Priorities - Economic Recovery Reserve	-	-	-	-	-	-	121,256	555,083	4,830,572	2,024,281
Developer Contributions	101,865	2,807	118,988	9,128	533,634	65,748	43,566	535,571	14,820	12,880
Insurance Settlement	-	-	-	-	-	-	-	-	1,565,000	-
Measure G Proceeds	-	-	-	-	-	-	-	1,769,057	629,064	620,044

10 Year Summary

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Other Sources	464,932	7,515	488,351	33,803	216,188	331,554	223,475	636,324	333,058	269,001
PG&E Loan	-	-	-	-	-	-	1,560,336	-	-	-
Transfers In - Others	38,213	39,640	-	-	300,000	30,000	-	-	733,000	-
Transfers In - Equipment Replacement	-	-	295,680	-	-	525,000	-	-	-	-
Transfers In - Facilities Maintenance	924,648	12,146	-	-	50,000	788,000	-	-	-	-
Transfers In - General Fund	7,271,491	531,014	7,298,187	2,638,224	2,335,220	6,982,591	3,401,479	1,750,001	3,006,978	1,615,000
VTA Measure B - 2010	183,262	185,049	189,947	192,319	188,475	207,650	-	188,495	190,649	245,285
VTA Measure B - 2016	-	-	-	-	-	1,299,688	201,732	570,497	1,335,576	683,680
Total Source of Funds	9,946,786	1,282,830	8,913,875	3,477,799	4,314,348	11,326,969	6,734,292	7,311,731	13,707,708	6,513,986
Use of Funds										
Project Construction	2,609,078	1,484,857	5,120,335	8,831,236	7,329,108	5,470,903	4,681,525	7,419,225	6,183,263	6,584,205
Staff Salaries and Benefits	-	-	128,775	209,631	223,701	96,360	62,387	124,939	164,780	94,546
Transfers Out	108,429	540,792	199,808	515,616	417,616	417,616	417,616	417,616	417,616	441,491
Total Use of Funds	2,717,507	2,025,649	5,448,918	9,556,483	7,970,425	5,984,879	5,161,529	7,961,779	6,765,659	7,120,242
Ending Fund Balance	\$ 15,531,605	\$ 14,788,787	\$ 18,253,744	\$ 12,175,060	\$ 8,518,983	\$ 13,861,073	\$ 15,433,836	\$ 14,783,788	\$ 21,725,837	\$ 21,148,734

Capital Expenditures and Project Status

		Financial Summary									New Information on Projected Spending				
		Expended Through 2022/23	2023/24 Actuals	Carryforward to 2024/25	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budgeted	Projected Available Funding (Total Budgeted - Expended Through 2022/23)	2023/24 Actuals	Projected Spending 24/25	FY 2024/25 YTD Spending through 9/30/24	% Spent Vs Projected
Reconstruction															
811-9901	Street Repair & Resurfacing	24,851,825	3,649,898	3,852,936	3,534,839	3,534,839	3,534,839	3,534,839	3,534,839	50,028,854	25,177,029	3,649,898	3,800,000	5,556	0.15%
811-9903	Pavement Rehab-Crack Seal	1,616,628	180,000	180,000	180,000	180,000	180,000	180,000	180,000	2,876,628	1,260,000	180,000	180,000	-	-
Maintenance-Safety															
811-9902	Annual Street Restriping	180,228	-	-	15,000	20,000	30,000	40,000	50,000	335,228	155,000	-	15,000	-	-
811-9904	Unanticipated Repairs - Annual	-	9,572	10,788	100,000	100,000	100,000	100,000	100,000	520,360	520,360	9,572	111,000	1,421	1.28%
815-9930	Retaining Wall Repairs	1,595,978	24,064	542,736	50,000	50,000	50,000	50,000	50,000	2,412,777	816,799	24,064	25,000	-	0.00%
811-0008	Shannon Road Repair	433,152	196,438	4,246,474	500,000	-	-	-	-	5,376,064	4,942,912	196,438	4,746,474	50	0.00%
811-0010	Blossom Hill Rd - Union to Camden	-	-	-	800,000	-	-	-	-	800,000	800,000	-	400,000	-	-
812-0130	Roadside Fire Fuel Reduction - Annual	999,809	186,640	1,385,551	100,000	100,000	100,000	100,000	100,000	3,072,000	2,072,191	186,640	1,000,000	-	-
812-0131	East Main Street Crosswalk Improvements	43,700	-	271,300	-	-	-	-	-	315,000	271,300	-	100,000	-	0.00%
812-0133	VMT Mitigation Program	134,767	33,069	82,164	-	-	-	-	-	250,000	115,233	33,069	30,000	1,134	3.78%
812-0134	Measure B Education & Encouragement	18,671	31,506	88,168	-	-	-	-	-	138,345	119,674	31,506	30,000	-	0.00%
812-0135	Town-wide Speed Studies	-	-	80,000	-	-	-	-	-	80,000	80,000	-	-	-	-
Street Improvements															
813-9921	Curb, Gutter & Sidewalk Maintenance	5,108,300	133,367	481,201	300,000	300,000	300,000	300,000	300,000	7,222,868	2,114,568	133,367	400,000	210,331	52.58%
813-0218	Shannon Road Ped & Bikeway Improvements	263,407	101,435	2,342,102	-	-	-	-	-	2,706,944	2,443,537	101,435	1,937,809	624	0.03%
813-0225	Utility Undergrounding Improvements	2,852	-	299,573	-	-	-	-	-	302,425	299,573	-	-	-	-
813-0227	Traffic Signal Modernization	2,001,927	157,832	31,884	-	-	-	-	-	2,191,643	189,717	157,832	-	-	-
813-0235	Downtown Streetscape Revitalization/Economic Recovery Efforts	1,929,140	239,867	272,633	-	-	-	-	-	2,441,640	512,500	239,867	-	-	0.00%
813-0237	State Route 17 Corridor Congestion Relief	600,000	867,000	-	-	600,000	600,000	600,000	600,000	3,867,000	3,267,000	867,000	-	-	0.00%
813-0240	Winchester Class IV Bikeway	942,062	-	693,560	-	-	-	-	-	1,635,622	693,560	-	-	-	-
813-0241	Kennedy Sidewalk & Bike Lanes - LGB to Englewood	-	-	2,365,376	-	-	-	-	-	2,365,376	2,365,376	-	250,000	-	0.00%
813-0242	Parking Program Implementation	153,110	54,429	609,916	-	-	-	-	-	817,455	664,345	54,429	384,998	9,939	2.58%
813-0244	Overlook Road Tree Replacement	-	-	-	40,000	-	-	-	-	40,000	40,000	-	40,000	-	-
816-0414	Stormwater System - Pollution Prevention Compliance	22,722	38,747	36,531	-	-	-	-	-	98,000	75,278	38,747	36,531	-	0.00%
816-0420	Annual Storm Drain Improvements	291,181	-	252,219	-	-	-	-	-	543,400	252,219	-	-	-	-
816-0421	Loma Street Drainage	-	-	100,000	250,000	496,300	-	-	-	846,300	846,300	-	150,000	-	-
816-0422	Harwood/Belridge Drainage Study	-	-	100,000	-	-	-	-	-	100,000	100,000	-	50,000	-	-
816-0423	709 University Avenue Drainage System Replacement	-	-	200,000	-	-	-	-	-	200,000	200,000	-	75,000	-	-
816-0424	333 University Inlet Capacity Improvements	-	-	50,000	-	-	-	-	-	50,000	50,000	-	-	-	-
816-0425	Storm Drainage Mapping	-	-	190,000	260,001	-	-	-	-	450,001	450,001	-	400,000	-	0.00%
817-0705	Downtown Parking Lots Seal Coat & Restriping	84,839	-	15,161	50,000	-	10,000	-	10,000	170,000	85,161	-	-	-	-
817-0708	Parking Lot 4 Repair/Waterproofing	199,800	14,841	35,359	-	-	-	-	-	250,000	50,200	14,841	-	-	-
Bridges															
818-0801	Quito Road - Bridge Replacement	64,594	-	285,087	-	-	-	-	-	349,681	285,087	-	-	-	-
818-0803	Highway 17 Bicycle & Pedestrian Bridge -	1,083,238	603,009	2,805,877	-	-	-	-	-	4,492,124	3,408,886	603,009	1,056,319	-	0.00%
818-0804	Timber Bridge Inspection	-	-	-	-	25,000	25,000	-	-	50,000	50,000	-	-	-	-
Parks															
831-4007	Oak Meadow Bandstand Area Improvements	22,282	9,125	255,323	-	-	-	-	-	286,730	264,448	9,125	190,000	258	0.14%
831-4008	Oak Meadow Park Plane Recoating	-	-	-	-	-	40,000	-	-	40,000	40,000	-	-	-	-
831-4202	Town Plaza Turf Repairs	9,116	-	27,000	15,000	-	-	-	-	51,116	42,000	-	42,000	-	0.00%
831-4404	Creekside Turf Replacement	-	-	500,000	-	-	-	-	-	500,000	500,000	-	-	-	-
831-4605	Parks Playground Fibar Project	92,531	36,820	20,149	25,000	-	25,000	-	25,000	224,500	131,969	36,820	-	-	-
831-4610	Pinehurst Community Garden	14,314	32,015	288,671	50,000	-	-	-	-	385,000	370,686	32,015	50,000	-	0.00%
831-4611	Sport Court Resurfacing	-	-	-	100,000	-	-	-	-	100,000	100,000	-	100,000	-	0.00%
Trails															
832-4503	Charter Oaks Trail Improvement	72,942	-	474,891	-	-	-	-	-	547,833	474,891	-	-	-	-
832-4504	Open Space Trail Upgrades	-	-	152,000	-	-	-	-	-	152,000	152,000	-	75,000	-	0.00%
832-4505	Trailhead Connector	692,000	3,752,315	5,077,536	-	-	-	-	-	9,521,851	8,829,851	3,752,315	822,953	315,713	38.36%
832-4508	Vegetation Management - Town-wide	244,826	5,392	97,489	432,959	100,000	100,000	100,000	100,000	1,180,666	935,840	5,392	930,417	4,101	0.44%
832-4510	Lynn Ave Pedestrian Path Design	-	27,100	212,900	50,000	-	-	-	-	290,000	290,000	27,100	50,000	-	0.00%

Capital Expenditures and Project Status

		Financial Summary									New Information on Projected Spending				
Project Number and Name		Expended Through 2022/23	2023/24 Actuals	Carryforward to 2024/25	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budgeted	Projected Available Funding (Total Budgeted - Expended Through 2022/23)	2023/24 Actuals	Projected Spending 24/25	FY 2024/25 YTD Spending through 9/30/24	% Spent Vs Projected
Town Infrastructure											-	-			
821-2002	Town Beautification	129,422	17,687	7,517	15,000	15,000	15,000	15,000	15,000	229,625	100,203	17,687	15,000	-	0.00%
821-2009	Public Art Gateway Project	50,000	20,611	60,889	37,500	37,500	-	-	-	206,500	156,500	20,611	37,500	-	0.00%
821-2012	Emergency Preparedness	-	-	96,780	-	-	-	-	-	96,780	96,780	-	20,000	-	0.00%
821-2013	Annual ADA Compliance Work	-	-	42,130	70,000	20,000	20,000	20,000	20,000	192,130	192,130	-	40,000	-	0.00%
821-2117	Civic Center ADA Restrooms and HR Offices	74,924	91,592	813,484	-	-	-	-	-	980,000	905,076	91,592	730,000	1,102	0.15%
821-2120	Civic Center Plumbing Repair	-	20,428	19,572	40,000	40,000	-	-	-	120,000	120,000	20,428	20,000	-	0.00%
821-2121	TMO Roof Repairs	-	-	79,640	-	-	-	-	-	79,640	79,640	-	79,640	79,640	100.00%
821-2208	ARC – Interim Community Center	-	-	866,281	11,333	-	-	-	-	877,614	877,614	-	30,000	-	0.00%
821-2302	Building Replacement at Corporation Yard	2,156,661	187,152	319,881	-	-	-	-	-	2,663,694	507,033	187,152	250,000	1,815	0.73%
821-2310	Engineering Counter Modification	-	19,656	20,344	-	-	-	-	-	40,000	40,000	19,656	40,000	2,129	5.32%
821-2311	Fleet Service Outdoor Work Area (Design	-	-	-	45,000	-	-	-	-	45,000	45,000	-	35,000	-	0.00%
821-2404	POB Space Study	-	-	75,000	-	-	-	-	-	75,000	75,000	-	40,000	-	0.00%
821-2504	Library Improvements	-	-	22,000	-	-	-	-	-	22,000	22,000	-	-	-	-
821-2505	Battery Power Supply - Library	439,466	100,716	2,818	-	-	-	-	-	543,000	103,534	100,716	-	-	-
821-2601	ADA Upgrade for Public Restrooms - Adult	103,964	301,054	298,844	-	-	-	-	-	703,861	599,898	301,054	75,000	-	0.00%
Equipment											-	-			
841-6003	Town-wide Document Imaging Project	198,011	-	16,989	-	-	-	-	-	215,000	16,989	-	16,989	-	0.00%
841-6101	Enterprise Resource Planning Upgrade	470,129	355,407	777,017	-	-	-	-	-	1,602,554	1,132,425	355,407	505,607	-	0.00%
841-6103	EOC Communications Upgrade	24,717	-	6,000	-	-	-	-	-	30,717	6,000	-	6,000	-	0.00%
841-6104	IT Disaster Recovery Improvements	171,163	-	28,837	-	-	-	-	-	200,000	28,837	-	10,000	-	0.00%
TOTALS		47,588,397	11,498,784	32,566,579	7,071,632	5,618,639	5,129,839	5,039,839	5,084,839	119,598,548	72,010,151	11,498,784	19,429,237	633,813	

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36														
Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Civic Center	Parking Lots/Sidewalks	Replace exposed aggregate walkway		\$ 110,000										\$ 110,000
Civic Center	Parking Lots/Sidewalks	Pavement maintenance / restriping			\$ 16,000									\$ 16,000
Civic Center	Building Envelope	Replace sealant between plaza deck and police	\$ 30,000											\$ 30,000
Civic Center	Building Envelope	Annual sealant maintenance	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 44,000
Civic Center	Building Envelope	Plaza deck and fountain waterproofing		\$ 1,800,000										\$ 1,800,000
Civic Center	Roof Systems	Annual maintenance	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 27,500
Civic Center	Mechanical Systems	Replace terminal units and valves, piping, and abate asbestos insulation	\$ 1,680,000											\$ 1,680,000
Civic Center	Mechanical Systems	Replace police dispatch AHU	\$ 60,000											\$ 60,000
Civic Center	Mechanical Systems	Replace chiller and cooling tower						\$ 450,000						\$ 450,000
Civic Center	Mechanical Systems	Replace Building controls		\$ 225,000										\$ 225,000
Civic Center	Mechanical Systems	Replace unit 2 in Council Chamber IT room		\$ 15,000										\$ 15,000
Civic Center	Mechanical Systems	Insulate boiler room piping	\$ 7,500											\$ 7,500
Civic Center	Electrical Systems	Replace original electrical equipment			\$ 475,000									\$ 475,000
Civic Center	Plumbing Systems	Replace sanitary sewer line in police dispatch			\$ 160,000									\$ 160,000
Civic Center	Fire/Life Safety Systems	Replace fire sprinkler heads				\$ 10,000								\$ 10,000
Civic Center	Interiors	Replace carpet			\$ 180,000									\$ 180,000
Civic Center	Interiors	Paint Interior Walls			\$ 24,000									\$ 24,000
Civic Center	Interiors	Replace interior door closers	\$ 96,000											\$ 96,000
Civic Center	Conveyance Systems	Overhaul staff elevator in NUMU	\$ 160,000											\$ 160,000
Civic Center	Accessibility Issues	DAC Accessibility Compliance	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 109,871	\$ 1,208,582
Adult Recreation Center	Parking Lots/Sidewalks	Parking lot reconstruction / correct slope / correct entrance					\$ 550,000							\$ 550,000
Adult Recreation Center	Building Envelope	Paint exterior				\$ 65,000								\$ 65,000
Adult Recreation Center	Building Envelope	Replace single pane windows	\$ 220,000											\$ 220,000
Adult Recreation Center	Roof Systems	Roof replacement								\$ 190,000				\$ 190,000
Adult Recreation Center	Roof Systems	Roof Maintenance	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000		\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000
Adult Recreation Center	Mechanical Systems	Replace AHU's in mechanical room				\$ 275,000								\$ 275,000
Adult Recreation Center	Mechanical Systems	Replace roof mounted air handler										\$ 80,000		\$ 80,000
Adult Recreation Center	Mechanical Systems	Replace kitchen exhaust fan	\$ 2,500											\$ 2,500
Adult Recreation Center	Electrical Systems	Overhaul electrical system					\$ 200,000							\$ 200,000
Adult Recreation Center	Fire/Life Safety Systems	Replace fire sprinkler monitoring system			\$ 25,000									\$ 25,000
Adult Recreation Center	Accessibility Issues	DAC Accessibility Compliance	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 39,337	\$ 432,711
Library	Parking Lot/Sidewalks	Parking lot maintenance		\$ 8,500						\$ 8,500				\$ 17,000
Library	Parking Lot/Sidewalks	Bioswale maintenance	\$ 10,000											\$ 10,000
Library	Roof Systems	Annual roof maintenance	\$ 5,000											\$ 5,000
Library	Mechanical systems	Replace rooftop Unit RTU-1							\$ 450,000					\$ 450,000
Library	Mechanical systems	Replace EF-1							\$ 4,000					\$ 4,000
Library	Mechanical systems	Replace boiler B-1										\$ 60,000		\$ 60,000
Library	Mechanical systems	Replace VRV heat pump system HP-1										\$ 175,000		\$ 175,000
Library	Mechanical systems	Replace fan powered terminal units										\$ 50,000		\$ 50,000
Library	Electrical Systems	Replace Lutron				\$ 400,000								\$ 400,000
Library	Electrical Systems	Replace "saucer-style" LED lights			\$ 18,000									\$ 18,000
Library	Electrical Systems	Test and Certify Main Electric Panel	\$ 50,000					\$ 50,000					\$ 50,000	\$ 150,000
Library	Electrical Systems	Replace PV Inverters	\$ 40,000											\$ 40,000
Library	Fire/Life Safety Systems	Replace/Upgrade fire alarm system						\$ 50,000						\$ 50,000
Library	Interiors	Replace floor coverings	\$ 180,000						\$ 180,000					\$ 360,000
Library	Interiors	Replace interior door closers							\$ 20,000					\$ 20,000
Library	Accessibility Issues	DAC Accessibility Compliance	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 19,059	\$ 209,650
Library	Conveyance Systems	Elevators							\$ 160,000					\$ 160,000

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36														
Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Youth Recreation Center	Parking Lot/Sidewalks	Parking lot maintenance		\$ 6,500					\$ 6,500					\$ 13,000
Youth Recreation Center	Building Envelope	Paint exterior			\$ 15,000									\$ 15,000
Youth Recreation Center	Building Envelope	Replace single pane windows						\$ 55,000						\$ 55,000
Youth Recreation Center	Mechanical Systems	Replace 5-ton split system and furnace					\$ 24,000							\$ 24,000
Youth Recreation Center	Mechanical Systems	Replace 4-ton split system and furnace									\$ 18,000			\$ 18,000
Youth Recreation Center	Plumbing System	Replace 40-Gal, 40-MBH domestic water heater							\$ 4,000					\$ 4,000
Youth Recreation Center	Electrical Systems	Overhaul electrical system									\$ 70,000			\$ 70,000
Youth Recreation Center	Interiors	Test vinyl tile for asbestos and replace	\$ 25,000											\$ 25,000
Youth Recreation Center	Interiors	Paint interiors				\$ 12,000						\$ 12,000		\$ 24,000
Youth Recreation Center	Accessibility Issues	DAC Accessibility Compliance	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 17,539	\$ 192,926
Police Operations Building	Parking Lots/Sidewalks	Parking lot maintenance		\$ 12,000					\$ 12,000					\$ 24,000
Police Operations Building	Parking Lots/Sidewalks	Maintain electric gates	\$ 2,000		\$ 2,000		\$ 2,000		\$ 2,000		\$ 2,000		\$ 2,000	\$ 12,000
Police Operations Building	Building Envelope	Paint exterior			\$ 55,000									\$ 55,000
Police Operations Building	Building Envelope	Repair expansion joint gap between original building and addition	\$ 55,000											\$ 55,000
Police Operations Building	Roof Systems	Replace roof				\$ 510,000								\$ 510,000
Police Operations Building	Roof Systems	Roof Maintenance	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 44,000
Police Operations Building	Mechanical Systems	Replace packaged rooftop units					\$ 335,000							\$ 335,000
Police Operations Building	Mechanical Systems	Replace two split systems			\$ 30,000									\$ 30,000
Police Operations Building	Electrical Systems	Replace automatic transfer switch										\$ 25,000		\$ 25,000
Police Operations Building	Plumbing Systems	Replace 120-Gal, 300 MBH domestic water heater		\$ 35,000										\$ 35,000
Police Operations Building	Fire/Life Safety Systems	Replace fire alarm control panel and initiation devices					\$ 20,000							\$ 20,000
Police Operations Building	Interiors	Paint interior walls				\$ 18,000						\$ 18,000		\$ 36,000
Police Operations Building	Interiors	Replace carpet/vinyl flooring				\$ 50,000								\$ 50,000
Police Operations Building	Accessibility Issues	DAC Accessibility Compliance	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 9,078	\$ 99,854
PPW - Equipment Building	Parking Lots/Sidewalks	Mill and overlay parking lot		\$ 190,000										\$ 190,000
PPW - Equipment Building	Building Envelope	Paint exterior		\$ 20,000										\$ 20,000
PPW - Equipment Building	Mechanical Systems	Replace 1.5-ton split system						\$ 4,000						\$ 4,000
PPW - Equipment Building	Mechanical Systems	Replace 4-ton packaged unit										\$ 20,000		\$ 20,000
PPW - Equipment Building	Mechanical Systems	Replace suspended unit heaters						\$ 20,000						\$ 20,000
PPW - Equipment Building	Mechanical Systems	Replace exhaust fans						\$ 10,000						\$ 10,000
PPW - Equipment Building	Electrical Systems	Replace exterior fused disconnect and panel board					\$ 10,000							\$ 10,000
PPW - Equipment Building	Electrical Systems	Replace automatic transfer switch									\$ 20,000			\$ 20,000
PPW - Equipment Building	Electrical Systems	Allowance for replacing 60 KW emergency generator with 200 KW									\$ 120,000			\$ 120,000
PPW - Equipment Building	Plumbing Systems	Replace water heater			\$ 10,000									\$ 10,000
PPW - Equipment Building	Interiors	Paint interiors				\$ 12,000								\$ 12,000
PPW - Equipment Building	Interiors	Replace vinyl tile and repaint floors								\$ 22,000				\$ 22,000
PPW - Equipment Building	Accessibility Issues	DAC Accessibility Compliance	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 8,732	\$ 96,053
PPW - Engineering Building	Building Envelope	Paint exterior		\$ 9,000										\$ 9,000
PPW - Engineering Building	Plumbing Systems	Plumbing - renovated 2022				\$ 25,000								\$ 25,000
PPW - Engineering Building	Interiors	Paint interiors						\$ 12,000						\$ 12,000
PPW - Engineering Building	Accessibility Issues	DAC Accessibility Compliance	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 4,790	\$ 52,685
PPW - Corp Yard White House	Parking Lots/Sidewalks	Maintenace	\$ 7,000											\$ 7,000
PPW - Corp Yard White House	Mechanical Systems	Replace upstairs HVAC system							\$ 20,000					\$ 20,000
PPW - Corp Yard White House	Mechanical Systems	Replace downstairs HVAC system							\$ 20,000					\$ 20,000
PPW - Corp Yard White House	Electrical Systems	Replace 200-amp main electrical panel											\$ 25,000	\$ 25,000
PPW - Corp Yard White House	Plumbing Systems	Replace 40-MBH, 30-Gal domestic water heater				\$ 6,000								\$ 6,000
PPW - Corp Yard White House	Interiors	Paint interiors				\$ 15,000								\$ 15,000
PPW - Corp Yard White House	Interiors	Refinish wood floors and replace carpet				\$ 44,000								\$ 44,000
PPW - Corp Yard White House	Accessibility Issues	DAC Accessibility Compliance	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 21,612	\$ 237,730
PPW - Corp Yard	Parking Lots/Sidewalks	Paint Carport and Maintenance Building	\$ 50,000											\$ 50,000

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36														
Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Forbes Mill Museum	Parking Lots/Sidewalks	Parking lot maintenance			\$ 6,500									\$ 6,500
Forbes Mill Museum	Building Envelope	Repoint external masonry walls						\$ 2,500						\$ 2,500
Forbes Mill Museum	Building Envelope	Refurbish historic barn door and replace broken windows		\$ 4,500										\$ 4,500
Forbes Mill Museum	Roof Systems	Roof replacement			\$ 92,000									\$ 92,000
Forbes Mill Museum	Roof Systems	Annual roof maintenance	\$ 5,000	\$ 5,000										\$ 10,000
Forbes Mill Museum	Mechanical Systems	Replace HVAC system	\$ 50,000											\$ 50,000
Forbes Mill Museum	Mechanical Systems	Replace exhaust fans			\$ 2,000									\$ 2,000
Forbes Mill Museum	Electrical Systems	Overhaul electrical system	\$ 50,000											\$ 50,000
Forbes Mill Museum	Plumbing Systems	Replace 2-KW, 6-Gal domestic water heater	\$ 1,500											\$ 1,500
Forbes Mill Museum	Plumbing Systems	Replace 'private' restroom fixtures	\$ 4,000											\$ 4,000
Forbes Mill Museum	Fire/Life Safety Systems	Replace security system						\$ 20,000						\$ 20,000
Forbes Mill Museum	Interiors	Repair trip hazard	\$ 500											\$ 500
Forbes Mill Museum	Interiors	Replace flooring		\$ 7,500										\$ 7,500
Forbes Mill Museum	Interiors	Paint interiors		\$ 22,000						\$ 22,000				\$ 44,000
Forbes Mill Museum	Accessibility Issues	DAC Accessibility Compliance	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 13,900	\$ 152,900
Tait Museum	Parking Lots/Sidewalks	Ramp and railing repainting			\$ 2,500					\$ 2,500				\$ 5,000
Tait Museum	Parking Lots/Sidewalks	Mill and overlay parking lot		\$ 10,500										\$ 10,500
Tait Museum	Building envelope	Patch stucco walls		\$ 2,500										\$ 2,500
Tait Museum	Building envelope	Paint exterior		\$ 15,000										\$ 15,000
Tait Museum	Building envelope	Replace/refinish exterior doors		\$ 10,500										\$ 10,500
Tait Museum	Building envelope	Replace windows while retaining historic glass		\$ 30,000										\$ 30,000
Tait Museum	Roof Systems	Annual roof maintenance	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 22,000
Tait Museum	Mechanical Systems	Replace 120-MBH Furnace and 5-ton split system			\$ 20,000									\$ 20,000
Tait Museum	Plumbing Systems	Replace or install water heater	\$ 3,000											\$ 3,000
Tait Museum	Plumbing Systems	Replace galvanized piping		\$ 10,000										\$ 10,000
Tait Museum	Plumbing Systems	Replace kitchen sink		\$ 2,000										\$ 2,000
Tait Museum	Fire/Life Safety Systems	Replace security system											\$ 20,000	\$ 20,000
Tait Museum	Interiors	Paint interiors		\$ 15,000						\$ 15,000				\$ 30,000
Tait Museum	Interiors	Modernize kitchen	\$ 20,000											\$ 20,000
Tait Museum	Accessibility Issues	DAC Accessibility Compliance	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 14,690	\$ 161,585

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36														
Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Asphalt and drainage improvements						\$ 250,000						\$ 250,000
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Curbing repair						\$ 40,000						\$ 40,000
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Gate latch repair									\$ 4,000			\$ 4,000
Los Gatos Theatre	Building Envelope	Window replacement										\$ 250,000		\$ 250,000
Los Gatos Theatre	Building Envelope	Doors replacement										\$ 150,000		\$ 150,000
Los Gatos Theatre	Building Envelope	Entrance door operator								\$ 7,500				\$ 7,500
Los Gatos Theatre	Building Envelope	Balcony and entrance terazzo			\$ 150,000									\$ 150,000
Los Gatos Theatre	Building Envelope	Marquee maintenance										\$ 75,000		\$ 75,000
Los Gatos Theatre	Building Envelope	Paint exterior						\$ 60,000						\$ 60,000
Los Gatos Theatre	Roof Systems	Downspout maintenance										\$ 20,000		\$ 20,000
Los Gatos Theatre	Roof Systems	Leakage repair				\$ 1,500					\$ 1,500			\$ 3,000
Los Gatos Theatre	Roof Systems	Roof replacement								\$ 250,000				\$ 250,000
Los Gatos Theatre	Mechanical Systems	Interior lighting controls								\$ 150,000				\$ 150,000
Los Gatos Theatre	Mechanical Systems	HVAC system improvements										\$ 500,000		\$ 500,000
Los Gatos Theatre	Electrical Systems	Overhaul electrical system								\$ 350,000				\$ 350,000
Los Gatos Theatre	Fire/Life Safety Systems	Phone line - Fire alarm		\$ 50,000										\$ 50,000
Los Gatos Theatre	Fire/Life Safety Systems	Large equipment bracing		\$ 20,000										\$ 20,000
Los Gatos Theatre	Interiors	Paint interior						\$ 60,000						\$ 60,000
Los Gatos Theatre	Interiors	Baseboard repair									\$ 10,000			\$ 10,000
Los Gatos Theatre	Interiors	Flooring replacement						\$ 150,000						\$ 150,000
Los Gatos Theatre	Interiors	Main theatre seating										\$ 400,000		\$ 400,000
Los Gatos Theatre	Interiors	Replacement lighting fixtures						\$ 25,000						\$ 25,000
Los Gatos Theatre	Interiors	Concessions equipment									\$ 30,000			\$ 30,000
Los Gatos Theatre	Interiors	PA system			\$ 5,000									\$ 5,000
Los Gatos Theatre	Accessibility Issues	DAC Accessibility Compliance	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 36,071	\$ 396,784
Los Gatos Theatre	Conveyance Systems	Phone line - Elevator			\$ 50,000									\$ 50,000
Underground Parking Garage	Parking Lots/Sidewalks	Lot restriping						\$ 18,000						\$ 18,000
Underground Parking Garage	Electrical Systems	Refinish pole lights			\$ 45,000									\$ 45,000
Underground Parking Garage	Fire/Life Safety Systems	Replace sprinkler system										\$ 80,000		\$ 80,000
Underground Parking Garage	Fire/Life Safety Systems	Replace sprinkler monitoring system		\$ 10,000										\$ 10,000
Underground Parking Garage	Accessibility Issues	DAC Accessibility Compliance - Parking Lot 4	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 7,025	\$ 77,277
Balzer Field (Restrooms Bldg.)	Parking Lots/Sidewalks	Parking lot maintenance		\$ 7,000					\$ 7,000					\$ 14,000
Balzer Field (Restrooms Bldg.)	Building Envelope	Paint exterior			\$ 8,000									\$ 8,000
Balzer Field (Restrooms Bldg.)	Roof Systems	Roof replacement							\$ 8,000					\$ 8,000
Balzer Field (Restrooms Bldg.)	Mechanical Systems	Replace ceiling mounted exhaust fans			\$ 2,000									\$ 2,000
Balzer Field (Restrooms Bldg.)	Plumbing Systems	Replace 5-Gal electric domestic water heater			\$ 2,000									\$ 2,000
Balzer Field (Restrooms Bldg.)	Interiors	Paint interiors				\$ 3,000						\$ 3,000		\$ 6,000
Balzer Field (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 2,420	\$ 26,621
Belgatos Park (Restrooms Bldg.)	Parking Lots/Sidewalks	Parking lot maintenance		\$ 6,000										\$ 6,000
Belgatos Park (Restrooms Bldg.)	Building Envelope	Paint exterior		\$ 4,500										\$ 4,500
Belgatos Park (Restrooms Bldg.)	Roof Systems	Replace roof							\$ 7,500					\$ 7,500
Belgatos Park (Restrooms Bldg.)	Mechanical Systems	Replace exhaust fans		\$ 2,000										\$ 2,000
Belgatos Park (Restrooms Bldg.)	Electrical Systems	Replace 225-amp main electrical panel				\$ 5,000								\$ 5,000
Belgatos Park (Restrooms Bldg.)	Electrical Systems	Replace 10-hp motor controller				\$ 4,000								\$ 4,000
Belgatos Park (Restrooms Bldg.)	Plumbing Systems	Replace restroom fixtures				\$ 8,000								\$ 8,000
Belgatos Park (Restrooms Bldg.)	Interiors	Paint interiors						\$ 6,500						\$ 6,500
Belgatos Park (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 2,089	\$ 22,976

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36														
Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Blossom Hill Park (Restrooms Bldg.)	Building Envelope	Paint exterior				\$ 4,500								\$ 4,500
Blossom Hill Park (Restrooms Bldg.)	Roof Systems	Replace roof							\$ 9,500					\$ 9,500
Blossom Hill Park (Restrooms Bldg.)	Electrical Systems	Upgrade 200-amp main electrical panel					\$ 10,000							\$ 10,000
Blossom Hill Park (Restrooms Bldg.)	Electrical Systems	Replace tennis court time clocks					\$ 14,000							\$ 14,000
Blossom Hill Park (Restrooms Bldg.)	Plumbing Systems	Replace 20-Gal electric domestic water heater					\$ 2,000							\$ 2,000
Blossom Hill Park (Restrooms Bldg.)	Interiors	Paint interiors, including walls, floors, and celings				\$ 7,500								\$ 7,500
Blossom Hill Park (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 35,401
Creekside Sports Park Restrooms	Parking Lots/Sidewalks	Parking lot maintenance		\$ 10,500										\$ 10,500
Creekside Sports Park Restrooms	Building Envelope	Paint Exterior	\$ 4,500											\$ 4,500
Creekside Sports Park Restrooms	Building Envelope	Replace and paint wood fascia boards	\$ 3,500											\$ 3,500
Creekside Sports Park Restrooms	Mechanical Systems	Replace exhaust fan			\$ 3,000									\$ 3,000
Creekside Sports Park Restrooms	Plumbing Systems	Replace 20-Gal, 4.5 KW domestic water heater			\$ 4,000									\$ 4,000
Creekside Sports Park Restrooms	Plumbing Systems	Replace diaphram pressure booster system			\$ 10,000									\$ 10,000
Creekside Sports Park Restrooms	Interiors	Paint interiors		\$ 6,500										\$ 6,500
Creekside Sports Park Restrooms	Accessibility Issues	DAC Accessibility Compliance	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 9,127
Oak Meadow Park Restrooms	Parking Lots/Sidewalks	Parking lot maintenance (including ADA markings)		\$ 15,000					\$ 15,000					\$ 30,000
Oak Meadow Park Restrooms	Building Envelope	Paint exterior privacy fence		\$ 2,000										\$ 2,000
Oak Meadow Park Restrooms	Roof Systems	Roof replacement							\$ 9,500					\$ 9,500
Oak Meadow Park Restrooms	Mechanical Systems	Replace direct drive propeller exhaust fans						\$ 4,000						\$ 4,000
Oak Meadow Park Restrooms	Interiors	Paint Interiors			\$ 7,000									\$ 7,000
Oak Meadow Park Restrooms	Accessibility Issues	DAC Accessibility Compliance	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 3,285	\$ 36,133
Annual Total 2022 Dollars ²			\$ 3,153,045	\$ 3,030,045	\$ 1,750,045	\$ 1,806,545	\$ 1,498,045	\$ 1,618,045	\$ 1,266,045	\$ 1,343,545	\$ 606,545	\$ 2,249,045	\$ 428,045	\$ 18,748,995
Annual Total Escalated to 2024 Dollars at 4%			\$ 3,410,333	\$ 3,277,297	\$ 1,892,849	\$ 1,953,959	\$ 1,620,285	\$ 1,750,077	\$ 1,369,354	\$ 1,453,178	\$ 656,039	\$ 2,432,567	\$ 462,973	\$ 20,278,913

Notes:

1. Projections are based on information developed by Facility Engineering Associates in Fiscal Year 2021/22, informtation developed by Disability Access Consultants in 2022 and staff recommendations

2. Annual totals are on 2022 dollars. 2024 escalation provided for discussion. Future development of this projection will escalate all costs to year of projected expense.

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Park Improvement	All Parks	Maintenance	Town-wide drinking fountain to hydration station	\$ 50,000	x		x	
Park Improvement	All Parks	Maintenance	ADA Compliance Work	\$ 1,750,000	x	x	x	x
Park Improvement	Blossom Hill Park	Maintenance	Turf Rehabilitation	\$ 200,000	x		x	
Park Improvement	Civic Center Lawn	Maintenance	Irrigation System Replacement	\$ 200,000			x	
Park Improvement	LaRinconada Park	Improvement	Playground Replacement	\$ 300,000	x		x	
Park Improvement	LaRinconada Park	Maintenance	Irrigation System, Furniture and General Upgrades	\$ 50,000			x	
Park Improvement	LaRinconada Park	Maintenance	Turf Renovation + Irrigation system upgrades	\$ 200,000			x	
Park Improvement	Live Oak Manor	Maintenance	Turf Rehabilitation	\$ 200,000			x	
Park Improvement	Los Gatos Creek	Study	Develop Los Gatos Creek Restoration Plan (per General Plan 2024)	TBD				
Park Improvement	Oak Hill Play Lot	Improvement	Play Structure Replacement / Hardscape Upgrades	\$ 350,000	x		x	
Park Improvement	Oak Meadow Park	Improvement	Playground Replacement	\$ 500,000	x		x	
Park Improvement	Oak Meadow Park	Maintenance	Bocce Courts Reconstruction	\$ 50,000		x	x	
Park Improvement	Oak Meadow Park	Maintenance	Fencing Replacement	\$ 75,000	x		x	
Park Improvement	Oak Meadow Park	Maintenance	General Improvements and Upkeep	\$ 250,000	x	x	x	
Park Improvement	Oak Meadow Park	New Asset	Parking Kiosk to reinstate paid parking	\$ 25,000				
Park Improvement	Oak Meadow Park	New Asset	Oak Meadow Park Restroom Expansion	\$ 750,000		x	x	
Park Improvement	Plaza Park	New Asset	Event Lighting	\$ 50,000			x	
Park Improvement	Roberts Road at Los Gatos Creek Trail	Improvement	New trail access from Blossom Hill Road (to support Highway Overcrossing)	\$ 125,000	x		x	
Park Improvement	Townwide	Study	Townwide Park Master Plan	\$ 250,000		x	x	
Park Improvement / Trail	Along Highway 17	New Asset	Add Trail along Highway 17 from Los Gatos Creek Trail to Lodge (from BPMP)	\$ 1,189,000				
Park Improvement / Trail	Farley Road	New Asset	New Highway 17 Overcrossing from Farley Road to Los Gatos Creek Trail through Vasona Park (from BPMP)	\$ 8,400,000				
Park Improvement / Trail	Guadalupe River Trail	New Asset	Guadalupe River Trail near Hicks Road	\$ 6,600,000	x		x	
Park Improvement / Trail	Highway 85 Rail Trail	New Asset	Southern Pacific Rail Trail (Hwy 85 Corridor)	\$ 5,840,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Trail Pavement Rehab	\$ 580,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Trail Access, Signage and Wayfinding (per General Plan 2040)	\$ 10,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Lighting at Undercrossings; BHR and Hwy 85	\$ 175,000	x			
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	LGCT repair wooden bridge on LG Creek Trail	\$ 20,000	x		x	

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Park Improvement / Trail	Ross Creek	Improvement	Develop a Ross Creek Restoration Plan (per General Plan 2040)	TBD				
Storm Drainage	Ashler Avenue	Improvement	Add drainage structures and piping to eliminate dead end systems (2019 Study)	\$ 4,774,000	x		x	
Storm Drainage	Bachman at Massol	Maintenance	Replace trash rack and improve culvert inlet (2019 Study)	\$ 84,000	x		x	
Storm Drainage	Bayview Court / Bayview Avenue @ Main; Penn Ave at Peralta / Fairview	Improvement	Upgrade trash rack and culvert ; add parallel drainage pipe along Main Street, install drainage in Fairview Plaza; replace concrete channel along Pennsylvania with pipe (2019 Study)	\$ 3,542,000	x		x	
Storm Drainage	Euclid Avenue	Improvement	Upgrade and extend system to convey 10% annual chance event (2019 Study)	\$ 1,386,000	x		x	
Storm Drainage	Foster Road	Improvement	Add inlets and or curb (2019 Study)	\$ 282,800	x		x	
Storm Drainage	Kennedy between Englewood and LGB	Improvement	Extend drainage system on Kennedy from Vista del Monte to Gem Avenue (2019 Study)	\$ 1,044,400	x		x	
Storm Drainage	Los Gatos -Almaden Road	Improvement	Install drainage on Los Gatos Almaden Road near Gardenia and Longwood; upsize pipes from Camino del Cerro to south of Escobar Ave; connect system from Cherry Blossom / Lester to south system; requires construction on private property (2019 Study)	\$ 7,302,400	x		x	
Storm Drainage	Mill	Maintenance	Correct deficiencies in two systems (2019 Study)	\$ 316,400	x		x	
Storm Drainage	Replace Frames and Grates on structures	Maintenance	Replace frames and grates on structures throughout Town	\$ 49,500	x			
Storm Drainage	Hill Road	Maintenance	Replace Manholes of Blossom Hill Road	\$ 169,200	x			
Storm Drainage	Shannon Road at Short Road	Improvement	Extend drainage on Shannon Road to provide inlets; excavate Short Creek Channel to reduce drain back up when creek is full.(2019 Study)	\$ 455,000	x		x	
Storm Drainage	University at Roberts	Improvement	Add drainage on University Ave from Roberts Road to Blossom Hill Road HR + 150' east on BHR to connect to existing system(2019 Study)	\$ 2,340,800	x		x	
Storm Drainage	195 Jackson	Maintenance	Repair failing drainage pipe on private property	\$ 200,000	x		x	
Storm Drainage	Kennedy Meadows	Improvement	Eliminate misaligned pipe and replace with open channel	\$ 220,000	x		x	
Storm Drainage	Overlook Road Drainage	Improvement	Overlook Road Drainage	\$ 960,000	x		x	
Street Improvement	Blossom Hill Road	New Asset	Highway 17 Overcrossing	\$ 25,440,000	x	x	x	

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Street Improvement	Downtown	Improvement	Replace Tree Wrap Lights and Upgrade Electrical	\$ 150,000	x		x	
Street Improvement	Grays Lane	New Asset	Traffic Bollards to protect pedestrian space	\$ 35,000	x		x	
Street Improvement	North and South Santa Cruz from Highway 9 to Broadway	Improvement	Streetscape Project	\$ 980,000	x		x	
Street Improvement	North Santa Cruz from Blossom Hill Road to Highway 9	Improvement	Pavement Rehabilitation	\$ 910,000	x		x	
Street Improvement	Pollard Road	Improvement	Complete Streets Improvements from Knowles Drive to Quito Road (per BPMP)	\$ 2,900,000				
Street Improvement	Townwide	Improvement	Comprehensive Bike Rack Installations	\$ 17,000			x	
Street Improvement	Townwide	Study	Town-wide Traffic Study Model	\$ 250,000	x		x	
Street Improvement	Winchester Blvd	Improvement	Complete Streets Improvements from Knowles Drive to Blossom Hill Road (per BPMP)	\$ 74,000,000				
Street Repair/ Maintenance / Safety	Blossom Hill Road at Cherry Blossom	Improvement	Traffic signal replacement and intersection improvement	\$ 4,970,000	x		x	
Street Repair/ Maintenance / Safety	Blossom Hill Road at Francis Oaks Way	Study	Evaluate hillside for potential stabilization	\$ 35,000	x			
Street Repair/ Maintenance / Safety	Blossom Hill Road from Union to Meadowbrook	Improvement	Sidewalk gap closure	\$ 3,550,000	x	x	x	
Street Repair/ Maintenance / Safety	Downtown	Improvement	Upgrade street lights to LED's	\$ 350,000				
Street Repair/ Maintenance / Safety	Downtown	Maintenance	Sign Management Project	\$ 50,000			x	
Street Repair/ Maintenance / Safety	Fisher Avenue	Improvement	Sidewalk gap closure (from BPMP)	\$ 600,000	x	x		
Street Repair/ Maintenance / Safety	Heritage Grove Area	Maintenance	Replace asphalt sidewalks	\$ 80,000	x	x	x	
Street Repair/ Maintenance / Safety	Highway 17 at Route 9	Improvement	Interchange Reconstruction - Town cost share is 10%	\$ 11,000,000				
Street Repair/ Maintenance / Safety	Los Gatos Almaden Road	Improvement	Sidewalk gap closure along Los Gatos Almaden Road: Peach Blossom Lane to Camine del Cerro (from BPMP)	\$ 9,100,000	x	x	x	
Street Repair/ Maintenance / Safety	Public Parking Lots	Maintenance	Pavement Repair	\$ 500,000	x		x	
Street Repair/ Maintenance / Safety	Quito Road at Bicknell	Maintenance	Repair eroding stream embankment	\$ 400,000	x			
Street Repair/ Maintenance / Safety	Townwide	Improvement	Identify evacuation routes for wildfire zones and design for pull offs to ensure emergency access (from General Plan 2040 and CWPP)	\$ 200,000	x	x	x	
Street Repair/ Maintenance / Safety	Townwide	Improvement	Green Infrastructure Improvements	\$ 620,000				x
Street Repair/ Maintenance / Safety	Townwide	Maintenance	Townwide Traffic Signal Replacements	\$ 30,450,000	x			
Street Repair/ Maintenance / Safety	Townwide	Maintenance	ADA Compliance Work	\$ 20,330,000	x	x	x	x
Street Repair/ Maintenance / Safety	Townwide	Maintenance	Townwide Traffic Signal Safety Upgrades	\$ 660,000	x			

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Street Repair/ Maintenance / Safety	Lynn Avenue	Improvement	Sidewalk gap filling, add bike lanes	\$ 2,500,000	x	x	x	
Town Infrastructure and Facilities	Corp Yard	Improvement	Replace Switch Gear and Generator	\$ 500,000	x		x	
Town Infrastructure and Facilities	Corp Yard	Maintenance	CNG station decommissioning	\$ 200,000	x			
Town Infrastructure and Facilities	Corp Yard	New Asset	Charging Station for Town Vehicles	\$ 250,000				x
Town Infrastructure and Facilities	Downtown	New Asset	New restroom design and construction	\$ 500,000		x	x	
Town Infrastructure and Facilities	Police Operations Building	New Asset	Charging Stations (2) (employee use)	\$ 40,000			x	
IT Need	Police Operations Building	New Asset	Redundant Server	\$ 150,000	x			
IT Need	Police Operations Building and Corp Yard	New Asset	Redunant Firewalls	\$ 50,000	x			
IT Need	Police HQ and Police Operations Building	New Asset	UPS	\$ 60,000	x			
IT Need	Civic Center	Improvement	Updated Camera System / CCTV	\$ 50,000	x			

Notes:

1. BPMP = Bicycle and Pedestrian Master Plan
2. CWPP = Community Wildfire Protection Plan
3. 2019 Study = Drainage Assessment complete for critical areas



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 11/19/2024

ITEM NO: 1

ADDENDUM

DATE: November 18, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos

REMARKS:

Attachment 5 contains the staff presentation.

Attachments Previously Received with the Staff Report:

1. History of Capital Funding
2. Current Projects
3. Facilities Needs
4. Roads, Parks and Other Projects

Attachments Received with this Addendum:

5. Staff Presentation

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

Reviewed by: Town Manager

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Capital Improvement Program Study Session

Town Council
November 19, 2024
Item 1

PURPOSE AND INTENT

- Initial discussion regarding capital infrastructure needs of the Town.
- Overall goal is to develop a look ahead of required annual costs to maintain existing infrastructure: roads, buildings, parks, etc.
 - Current information identifies a 10-year look forward

CAPITAL BUDGETING

- Refer to Staff Report Attachment 1
- 10-year source and use of funds support capital projects: gas tax, utility undergrounding, traffic mitigation, storm drain funds, grants and general fund appropriated reserve (GFAR)
- Trends and observations
 - ✓ Ending fund balances remain high in many funds
 - ✓ Grant sources increased dramatically in 2021/22
 - ✓ Storm drain and utility undergrounding sources have increased with little use of funds
 - ✓ GFAR is the only source that includes unrestricted capital funds

CURRENT PROJECT DELIVERY

- Refer to Staff Report Attachment 2
- Spending lags projections at end of Q1 due to:
 - ✓ Spending on certain projects was not expected until later in FY 2024/25 (e.g., Shannon Road Repair, Townwide Vegetation Management)
 - ✓ Billing and processing lags performance of work (e.g., Shannon Road Ped and Bikeway Project, Annual Curb Gutter Sidewalk, Annual Street Repair and Resurfacing, Parking Program Implementation)
 - ✓ Some project schedules have shifted due to staffing constraints (e.g., Roadside Fire Fuel Reduction, Pinehurst Community Garden, Lynn Avenue Walkway)

FACILITIES NEED PROJECTION 25/26 TO 35/36

- Refer to Staff Memorandum Attachment 2
- Based on 2022 facility condition assessments and American with Disabilities Act Assessment of all Town assets
- Preliminary projection of required annual spending to maintain existing building assets

	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Annual Total 2022 Dollars	3,153,045	3,030,045	1,750,045	1,806,545	1,498,045	1,618,045	1,266,045	1,343,545	606,545	2,249,045	428,045
Annual Total Escalated to 2024 Dollars at 4%	3,410,333	3,277,297	1,892,849	1,953,959	1,620,285	1,750,077	1,369,354	1,453,178	656,039	2,432,567	462,973

STREETS AND PARKS

- Refer to Staff Report Attachment 4
- Summary of currently known needs
 - From field conditions and staff knowledge
 - Bicycle and Pedestrian Master Plan
 - General Plan 2024 (various adopted elements)

SUMMARY OF NEED

Items / Need	Current Opinion of Potential Costs (2024\$)
Town Owned Buildings - Maintenance	\$ 20,278,913
Town Owned Buildings – Capital Needs	\$ 1,490,000
Parks	\$ 28,189,000
Storm Drainage	\$ 23,126,500
Streets and Roads	\$ 166,037,000
IT Needs	\$ 310,000

POTENTIAL FUTURE MAJOR NEEDS

- Police Operations Consolidation
- Civic Center Upgrades
- Projects in 2040 General Plan

NEXT STEPS

- Refine project lists in Staff Report Attachments 3 and 4 to reflect required spending year over year
 - This may require additional studies (e.g., playground condition assessments, facility assessment of Civic Center, etc.)
- Return to Council with refined projections and assessment of fiscal impacts
- Align annual CIP budget efforts to what can be funded and completed with a focus on sustaining capital assets that are currently in use.
- Work towards establishing annual contribution necessary for current capital and determining funding available to reserve for future capital



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/16/2025

ITEM NO: 17

DATE: December 16, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update**

RECOMMENDATION: Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update

FISCAL IMPACT:

This item does not commit the Town to specific expenditures. It provides planning-level cost ranges for potential wildfire mitigation and preparedness program elements to support Council discussion of investment levels and program priorities.

Based on the cost ranges in Attachments 1 and 2, the three illustrative program scenarios have approximate annual operating costs of:

- Scenario 1 Foundational Program: about \$1.1 to \$1.15 million per year, plus an estimated \$0.8 to \$1.0 million in one-time or capital work over 5 to 10 years.
- Scenario 2 Intermediate Program: about \$1.6 to \$2.3 million per year, plus an estimated \$3 to \$5 million in one-time or capital investments over 5 to 10 years.
- Scenario 3 Comprehensive Program: about \$2.1 to \$3.0 million per year, plus an estimated \$6 to \$11 million or more in cumulative one-time and capital work over 5 to 10 years.

These figures are order-of-magnitude planning estimates in current-year dollars and do not include grant offsets. Successful external funding would reduce the Town's net cost. More detailed assumptions for each element appear in the body of the report and in Attachments 1 and 2.

PREPARED BY: Chris Todd
Emergency Manager

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

STRATEGIC PRIORITY:

These efforts align with the strategic priority to further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk.

BACKGROUND:

In recent years, the Town of Los Gatos has experienced increasing wildfire risk due to the 2020–2022 drought, fuel accumulation, and climate driven changes in fire behavior. At the same time, the Town has made significant progress in emergency planning, including adoption of an updated Emergency Operations Plan (EOP), Community Wildfire Protection Plan (CWPP), Local Hazard Mitigation Plan (LHMP), expansion of roadside vegetation management, and initiation of Town wide evacuation and wildfire modeling.

In alignment with the Town Council's strategic priority to "Further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk," staff have developed a set of program options and planning level cost estimates to help the Council consider the scale and scope of a future, more comprehensive wildfire mitigation program. This report focuses on public safety measures and Town level preparedness and continuity, including Emergency Operations Center (EOC) capabilities. It does not evaluate operational staffing needs or response capabilities of the Police Department or the Santa Clara County Fire Department.

To develop the program options and cost ranges, staff drew on multiple sources:

- The Santa Clara County Multi Jurisdictional Hazard Mitigation Plan (MJHMP) and the Town of Los Gatos Local Hazard Mitigation Plan Annex / Community Wildfire Protection Plan (CWPP), the Town of Los Gatos Ad Hoc Wildfire Committee Report (2020), and community input, which together identify wildfire, earthquake, and flooding as the Town's top natural hazards;
- Budget and program information from comparable wildland urban interface communities, including Truckee, CA (voter approved Measure T wildfire resilience investments), Montecito, CA, and Sonoma County's Wildfire Adapted program; and
- Fire Smart community pilots supported by the Tahoe Fund and partners.

While these communities differ in size and governance structure, they provide useful per resident and per acre benchmarks for the level of investment that may be appropriate for Los Gatos, given its approximately 33,500 residents and roughly 12 square miles of primarily residential development with significant hillside WUI exposure.

For context:

- Los Gatos, CA – approx. 33,500 residents; ~12 square miles (~7,500 acres); primarily residential, with steep WUI hillsides directly upslope of denser in town neighborhoods.
- Truckee, CA – approx. 17,380 residents; 34 square miles (~21,540 acres); roughly half the population of Los Gatos but about twice the land area, with extensive forested WUI and access constraints.
- Montecito, CA – approx. 8,600 residents; 9.18 square miles (~5,875 acres); somewhat smaller in land area and about one quarter of Los Gatos' population, but facing high consequence wildfire, debris flow, and evacuation challenges similar to Los Gatos' hillside neighborhoods.

Taken together, these comparisons suggest that a robust wildfire program for Los Gatos would reasonably fall within the per resident and per acre investment ranges seen in these communities, adjusted for local labor, contracting, and administrative costs.

DISCUSSION:

1. Risk Context and Key Hazards

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1. Vegetation-to-Structure Ignition at the WUI Boundary
 - o Dense, continuous fuels on steep hillsides or in canyons adjacent to homes can create conditions for rapid fire spread from wildland vegetation to structures.
 - o Narrow winding roads, limited access, and slope can accelerate fire behavior and complicate firefighting and evacuation.
2. Structure-to-Structure Fire Spread as Spacing Narrows
 - o As development transitions from large hillside lots to more closely spaced homes, the dominant hazard shifts from wildland fuels to structure-to-structure ignition.

- In these areas, combustible fencing, vegetation between homes, deck attachments, and vulnerable building materials can allow a single ignition to propagate rapidly through a block or neighborhood.
- 3. **Ember Cast Affecting the Wider Town Area**
 - Large wildfires can generate ember casts capable of igniting homes and vegetation miles away from the flame front, including in denser in-town neighborhoods that are not directly adjacent to wildland fuels.
 - This means that preparing hillside homes alone is not sufficient; embers can ignite structures, vehicles, and landscaping well inside the Town core.

Across all three mechanisms, evacuation is a compounding factor rather than a separate hazard. Limited roadway capacity, topography, and multi-directional threat potential (e.g., multiple canyons and ridge lines) can slow evacuation just as demand is highest. This underscores the need to reduce the likelihood and intensity of fire reaching homes (fuel reduction and home hardening); reduce the chance that individual ignitions become neighborhood-scale events (defensible space and structure spacing considerations); and improve evacuation planning, public warning, and continuity of Town operations. These wildfire-focused efforts will also improve preparedness for other natural hazards (e.g., earthquakes, floods, severe storms) by strengthening emergency management capacity, communication tools, and continuity planning.

2. Program Objectives

The proposed approach is organized around three overarching objectives:

1. **Life Safety**
Reducing risk of injury and improving egress in a disaster.
2. **Property and Economic Stability**
Protect homes, businesses, and critical infrastructure in a way that maintains the long-term viability and economic stability of the community. This includes protecting the local tax base, avoiding long-term displacement, and preserving key public facilities and lifelines.
3. **Environmental Stewardship**
Manage vegetation and fuels in a way that reduces wildfire risk while supporting ecological health, watershed function, and long-term resilience of the Town's open spaces and urban forest.

To achieve these objectives, the program is designed to address mitigation, response, and continuity:

- **Mitigation:** Vegetation management, home hardening, defensible space, and infrastructure improvements that reduce risk before an event.

- **Response:** Strengthening the Town's ability to coordinate multi-agency operations through the EOC, public warning, and field support.
- **Continuity:** Ensuring the Town can sustain essential services and governance during and after a major event through continuity of operations planning.

Whole Community and Resident Action

A central premise of the program is that the Town cannot "do it all" on public property alone:

- A large portion of the highest-risk WUI area in and around Los Gatos is on private property, with Town-owned land representing only a subset of the fuels that threaten structures and evacuation routes.
- The preparedness of hillside homes directly affects the safety of residents farther into Town. If fires intensify in the WUI, embers and structure-to-structure spread will drive risk into denser neighborhoods.

Accordingly, the Town can:

- **Educate** residents and businesses with clear, consistent guidance on home hardening, defensible space, and evacuation readiness.
- **Reduce barriers to action** by offering services such as chipping, greenwaste pick-up, and potentially block-level contracts that lower cost and complexity for individual property owners.
- **Guide through non-punitive inspections** where appropriate, emphasizing coaching and voluntary compliance over penalties, especially in early phases.
- **Enforce minimum standards** for vegetation management and hazard abatement when necessary, in a fair and transparent manner.

The intent is to build a program that is robust enough to handle both moderate disasters and the less frequent, but larger-scale events that would significantly stress Town resources, without over-committing to a single hazard scenario.

3. Wildfire Mitigation and Preparedness Program Options and Cost Scenarios

Based on the cost outlined in Attachments 1 and 2, the three illustrative program scenarios have approximate operating costs of:

Scenario 1 – Foundational Program: Approximately **\$1.1 to \$1.15 million per year** in ongoing operating costs, with an estimated **\$0.8 to \$1.0 million** in additional one-time and capital work over the first 5–10+ years.

Scenario 2 – Intermediate Program: Approximately **\$1.6 to \$2.3 million per year** in ongoing operating costs, with an estimated **\$3 to \$5 million** in one-time and capital investments over the first 5–10+ years.

Scenario 3 – Comprehensive Program: Approximately **\$2.1 to \$3.0 million per year** in ongoing operating costs, with an estimated **\$6 to \$11+ million** in cumulative one-time and capital work over the first 5–10+ years.

This section describes how potential wildfire mitigation and preparedness components could be combined into three illustrative levels of investment:

- **Scenario 1 – Foundational Program**
- **Scenario 2 – Intermediate Program**
- **Scenario 3 – Comprehensive Program**

Each scenario builds on the prior one (Intermediate includes all Foundational elements; Comprehensive includes all Intermediate and Foundational elements). The program elements listed under each scenario are examples of how those funding levels could be deployed; individual elements could be modified, blended, or phased while staying within similar overall cost ranges.

As noted in the Fiscal Impact section, all costs are order-of-magnitude planning estimates in current-year dollars, do not assume specific grant awards or offsets, and exclude capital and match funding already appropriated for the outdoor warning siren project, the Town-wide evacuation modeling study, and the Vegetation Management Plan (VMP) update. Detailed line items and assumptions for each program component are provided in Attachment 1 – Wildfire Risk Mitigation Cost Breakdown and Attachment 2 – Wildfire Risk Mitigation Cost Table.

Scenario 1 – Foundational Program

(Estimated annual operating cost: approximately \$1.1–\$1.15 million; one-time/capital over ~5–10+ years: approximately \$0.8–\$1.0 million)

A core, sustainable wildfire mitigation and preparedness program that stabilizes and modestly enhances recurring fuels work, resident support, and EOC readiness, with a focus on the highest-risk locations. It begins transitioning from one-time, grant-funded projects toward a predictable baseline of annual work.

Illustrative annual program elements and costs

(rounded figures; one possible mix within the overall Scenario 1 range):

- **Roadside vegetation management on priority evacuation routes – approx. \$375,000/year**
Shift from one-time, grant-funded roadside projects to modest but consistent annual maintenance on the highest-priority evacuation routes (for example, a multi-year cycle with lighter annual/biannual touch-up on the most constrained segments).

- **Weed abatement, defensible space alignment, and Firewise/community outreach – approx. \$200,000/year**
Maintain and better coordinate:
 - Town support for County weed abatement and defensible space inspections (including the County Weed Abatement program fee billed to the Town); and
 - Ongoing Firewise-style outreach, mailers, and neighborhood engagement to help residents understand expectations and how to meet them.
- **Open space and park fuel treatments on Town lands – approx. \$175,000/year**
Maintain recent fuels work and modestly expand treatments in Town-owned open spaces that most directly threaten WUI neighborhoods, at a scale of approximately 75-100 acres per year, assuming maintenance-level costs in the roughly \$1,500–\$2,500 per acre range and a mix of follow-up and limited new treatments.
- **Program staffing – approx. \$250,000/year**
Provide roughly 0.5–0.75 FTE equivalent to coordinate baseline wildfire work, manage contracts, track data, and pursue grants. The lower end of the range reflects minimal new staffing and a basic training calendar; the upper end assumes a more regular exercise schedule and modest backfill/overtime for participating staff.
- **Staff training and EOC readiness – approx. \$75,000–\$100,000/year**
Annual ICS/EOC training, periodic exercises, VEOCI platform maintenance, and backfill costs.
- **VMP annual implementation support – approx. \$50,000/year**
Ongoing monitoring, adaptive management, and coordination with roadside and open-space fuel treatments (one-time plan update funded separately).

Illustrative one-time/capital work

(approximately \$0.8–\$1.0 million total over 5–10+ years):

- Targeted backlog reduction on roadside and open-space units that directly affect evacuation routes and adjacent structures – on the order of \$600,000–\$700,000 in initial “catch-up” fuel-reduction work. This planning-level figure is derived by applying typical per-mile and per-acre treatment costs (for a limited number of high-priority WUI road segments and adjacent slopes) and will be refined once the updated Vegetation Management Plan and Town-wide evacuation study identify specific roads and treatment units.
- **Early urban-forest hazard-tree work** along critical evacuation corridors – approximately \$0.2–\$0.3 million, coordinated with the Town’s Urban Forest Management Plan update and existing street-tree maintenance efforts.

(Work on the Town-wide evacuation modeling study, the Vegetation Management Plan update, the Urban Forest Management Plan update, and the outdoor warning siren project is funded separately and not included in these one-time figures.)

Scenario 2 – Intermediate Program

(Estimated annual operating cost: approximately \$1.6–\$2.3 million; one-time/capital over ~5–10+ years: approximately \$3–\$5 million)

A moderate, Town-wide wildfire resilience program that builds on existing efforts and Scenario 1 by expanding fuels work and adding more robust resident support, while remaining within a mid-range level of annual investment.

Illustrative annual program elements and costs

(Scenario 2 includes all Foundational functions, scaled up where noted; one reasonable mix totals about \$2.0 million per year):

- **Roadside vegetation management – approx. \$425,000/year**
Increase miles treated on key evacuation routes and begin moving the highest-risk corridors toward an annual maintenance model, while maintaining a multi-year cycle elsewhere.
- **Weed abatement, defensible space support, Firewise outreach, and Town-wide preparedness campaigns – approx. \$300,000/year**
Sustain County weed abatement and defensible-space coordination and add more proactive Town communication and education, including Firewise support, workshops, and multi-channel preparedness campaigns.
- **Open space and park fuel treatments – approx. \$75,000/year**
Continue and modestly expand fuel treatments in additional priority Town-owned open-space and park areas, informed by the updated VMP, CWPP, and evacuation analysis.
- **Chipping and curbside greenwaste service focused on WUI neighborhoods – approx. \$325,000/year**
Provide seasonal chipping/curbside greenwaste service in high-risk WUI areas (for example, one or two collection windows per year), reducing barriers for residents to complete defensible-space work.
- **Home-hardening and defensible-space grants – approx. \$225,000/year**
Launch a starter grant or cost-share program targeting high-risk hillside blocks (for example, roughly 75–100 homes per year at typical awards of \$2,000–\$3,000, potentially braided with external grants).
- **Community wildfire grants (block/HOA/partner projects) – approx. \$250,000/year**
Fund a small annual pool to support neighborhood-scale mitigation projects (for example, shared access-road clearing, hazard-tree removal in common areas, or HOA-level treatments) where private parcels jointly influence evacuation or structure-ignition risk.

- **Program staffing – approx. \$300,000/year**
Ensure at least one dedicated wildfire-program manager FTE equivalent, to coordinate baseline wildfire work, manage contracts, track data, and pursue grants.
- **Advanced wildfire-risk modeling and GIS support – approx. \$50,000/year**
Add parcel- and corridor-level wildfire-risk and ember-exposure mapping, data maintenance, and support for more targeted programs (for example, using modeling outputs to focus grants and chipping on the highest-risk clusters).

Illustrative one-time/capital work

(approximately \$3–\$5 million total over 5–10+ years):

- **Open-space backlog reduction and shaded fuel breaks** – Approximately \$1.0–\$1.5 million in additional treatments beyond Scenario 1, creating and maintaining strategic shaded fuel breaks and treated units on Town lands.
- **Urban-forest hazard-tree work** along priority evacuation routes and hillside streets – approximately \$1.0–\$1.5 million, initiating early phases of a 12-year tree cycle in the most critical corridors.
- **Initial low- to moderate-cost evacuation-route improvements** – Approximately \$1.0–\$2.0 million for projects such as shoulder improvements, turnouts, parking restrictions, striping, and signage, guided by the evacuation-modeling study.

Scenario 3 – Comprehensive Program

(Estimated annual operating cost: approximately \$2.1–\$3.0 million; one-time/capital over ~5–10+ years: approximately \$6–\$11 million+)

A fully integrated, whole-community wildfire mitigation and emergency-preparedness program broadly comparable to leading California WUI communities, with robust support for residents and strong Town capabilities. Scenario 3 includes all Scenario 1 and 2 elements at higher service levels.

Illustrative annual program elements and costs

(Scenario 3 assumes higher service levels for all preceding elements; one reasonable mix totals about \$2.6–\$2.7 million per year):

- **Roadside vegetation management – approx. \$475,000/year**
Provide annual or biannual treatments across all priority evacuation routes, maintaining low fuel loads and visibility in the most constrained segments.
- **Weed abatement, defensible-space support, Firewise outreach, and Town-wide preparedness campaigns – approx. \$350,000/year**
Sustain a mature defensible-space/weed-abatement program plus ongoing, high-touch Firewise and preparedness outreach across both hillside and in-town neighborhoods.

- **Open space and park fuel treatments – approx. \$100,000/year**
Maintain and expand a connected network of treated open-space units and fuel breaks wherever Town lands materially influence structure risk or evacuation routes.
- **Chipping and curbside greenwaste service – approx. \$450,000/year**
Offer a fully built-out chipping/greenwaste program for WUI areas, with predictable annual service windows and sufficient capacity to support neighborhood-scale mitigation.
- **Home-hardening and defensible-space grants – approx. \$325,000/year**
Operate a substantial grant/rebate program capable of driving neighborhood-scale change each year (for example, several hundred homes over multiple years), potentially in partnership with regional or State funding.
- **Community wildfire grants (block/HOA/partner projects) – approx. \$500,000/year**
Fund a robust community-grant program comparable in scale to Truckee's Community Wildfire Prevention Grants, supporting larger block, HOA, and partner projects that align with evacuation-modeling and risk-mapping priorities.
- **Program staffing – approx. \$450,000/year**
Support a fully staffed wildfire/emergency-management program (for example, the Emergency Manager plus a dedicated wildfire program manager and partial grant-management capacity), together with frequent EOC exercises, continuity-of-operations planning, and multi-year project management.
- **Advanced wildfire-risk modeling and GIS support – approx. \$75,000/year**
Maintain sophisticated wildfire-risk and ember-exposure modeling, parcel-level tracking of mitigation work, and public-facing risk-communication tools, building on the Town's evacuation-modeling and VMP outputs.

Illustrative one-time/capital work

(approximately \$6–\$11 million+ total over 5–10+ years):

- **12-year urban-forest tree-cycle implementation** – approximately \$3.5–\$4.5 million to carry out a full hazard-tree and maintenance cycle on priority street trees and trees affecting evacuation routes and structures.
- **Expanded strategic fuel breaks and open-space backlog reduction** – Approximately \$2.0–\$3.0 million to construct and maintain a network of shaded fuel breaks and treated units on Town lands that most directly influence structure and evacuation risk.
- **Major evacuation-route capital improvements** – Approximately \$1.0–\$4.0 million for a significant portion of the long-term roadway-improvement program recommended by evacuation modeling (for example, targeted roadway widening, additional turnouts, retaining walls, and other larger-scale projects).

4. Current Emergency Preparedness Initiatives Update

At Council's request, the summary of current emergency preparedness initiatives since the

update provided on September 16, 2025, is presented here to emphasize that the proposed program options build on existing work.

Key ongoing initiatives include:

- Emergency Operations Plan (EOP)
 - The Town's updated EOP has been formally adopted by the Town Council, and staff continues to develop supporting emergency specific annexes.
- Wildfire and Evacuation Modeling
 - The Town is in the process of developing a town-wide evacuation plan informed by simulation-based modeling, with an estimated contract value of approximately \$300,000.
- Outdoor Warning Siren System
 - Staff have submitted a FEMA HMPG grant application for a siren-based public warning system. No dates have been given for award determination.
- Urban Forest Management Plan Update and Vegetation Management Plan (VMP) Update
 - Updates to the Urban Forest Management and Vegetation Management Plans are planned to help align with wildfire risk reduction goals.
 - Initial application for State Fire Capacity Grant to fund VMP update has been denied and resubmitted.
- Virtual Emergency Operations Center (VEOCI)
 - The Town has adopted VEOCI as a virtual EOC platform to support multi-agency coordination.
 - Staff are exploring an expansion of VEOCI's use to include Continuity of Operations Planning (COOP), enabling stronger integration between emergency response and sustained service delivery during disruptions.
- Staff Training
 - Continued training for staff in EOC and emergency operations.
- Firewise Community Development
 - Staff have continued to support the development of Firewise Communities through outreach and coordination. We currently have six Firewise Communities in development for Los Gatos.
- Sierra Azule Drive and Sky Lane Emergency Egress
 - Staff are coordinating with residents and the Santa Clara County Fire Vasona Crew to remove vegetation on a Town right-of-way that connects Sierra Azule Drive and Sky Lane. This work will support emergency egress during the Shannon Road repair. Initial vegetation removal costs will be split with Vasona Crew, with the Town's share at \$1700.
- Santa Clara County Training Coordination
 - In coordination with the County, in November, the Town hosted a disaster finance section class with emergency personnel from across the county.

These existing efforts provide a strong foundation; the proposed program options are intended to build on this base, not start from zero.

CONCLUSION:

Wildfire remains the Town's most consequential natural hazard, with the potential to impact life safety, economic stability, and environmental health across the community. The Town has already taken important steps to improve its preparedness. However, given evolving risk and community expectations, Council direction is needed on:

1. Which program elements and services should be prioritized for further development; and
2. The general level of investment the Town should consider as staff refine program options and funding strategies.

The planning-level cost scenarios outlined in this report exceed the Town's currently available emergency management allocation and would require a combination of future budget decisions and external funding to implement.

This report, together with the attached cost matrix and the accompanying Council presentation, is intended to support that discussion and help the Town chart a path toward a sustainable, effective wildfire mitigation and preparedness program.

Staff will continue to provide updates to Council on emergency management and the expenditure of the emergency management allocation through the Town Manager's updates. Items that require Council approval or authority will be brought for Council's consideration accordingly.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Wildfire Risk Mitigation Cost Breakdown
2. Wildfire Risk Mitigation Cost Table
3. Wildfire Risk Mitigation Presentation

DATE: December 16, 2025
SUBJECT: Attachment 1: Los Gatos Wildfire Risk Mitigation Cost Breakdown
PREPARED BY: Chris Todd, Emergency Manager

This attachment provides text summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

Roadside Vegetation Management (priority WUI routes)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** ≈ **\$350,000–\$500,000** (steady-state, not including big backlog projects)
- **One-time cost:** \$600,000–\$700,000 for initial, heavier treatments on untreated priority segments
- **Admin / staffing:** Multi-year contracts, environmental compliance, coordination with property owners.
- **Basis:** Annual costs represent recurring maintenance on priority WUI evacuation routes once backlog work is completed (e.g., a 4–6 year cycle with lighter annual/biannual “touch-up” on the most constrained segments). Town Wildfire Advisory Group estimate of **\$75,000/mile** for ~5.2 miles ≈ **\$390,000/year** on a 6-year cycle; Montecito’s Roadside Hazard Abatement + Tag and Trim ≈ **\$95,000/year** for 13 miles (lower per-mile costs on less constrained roads).

Weed Abatement and Defensible Space Inspections (Town share)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** **\$95,000–\$175,000**
- **One-time cost:** N/A
- **Admin / staffing:** Inspection coordination, complaint response, data management, legal support
- **Basis:** Montecito’s annual defensible-space/weed inspections for ~4,200 parcels; Truckee’s defensible space team funded within a ~\$3.8M/year wildfire program; These funds would supplement County Fire’s inspection/enforcement with Town admin capacity. Range includes the County Weed Abatement program fee currently billed to the Town (≈ \$20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.

Open Space and Park Fuel Treatments (Town-owned lands)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** **\$150,000–\$300,000** (maintenance); plus periodic capital for backlog reduction
- **One-time cost:** **\$100,000–\$200,000** for planning/CEQA, unit mapping, prescriptions
- **Admin / staffing:** Technical oversight, contract/CEQA management, monitoring
- **Per-acre logic & basis:**
 - Truckee fuels projects: **\$2,900–\$4,800/acre** (Sierra Meadows, Armstrong Tract, Royal Gorge, community grants).
 - Tyrolian Village Fire Smart pilot & BurnBot: **~\$2,500–\$2,800/acre** in steep WUI.
 - Montecito FTN maintenance: **25 acres at \$90,000 (~\$3,600/acre)**; herbivory: **50 acres at \$65,000 (~\$1,300/acre)**.
 - For Los Gatos: assume **initial treatments at ~\$2,500–\$4,000/acre** and **maintenance at ~\$1,000–\$1,500/acre**. The \$150k–\$300k annual band equates to maintaining/treating on the order of ~75–150 acres/year, which aligns with the scale of Town-owned risk areas identified in prior analyses.

Home Hardening and Defensible Space Grants

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** **\$150,000–\$400,000**
- **One-time cost:** N/A
- **Admin / staffing:** $\approx 0.25\text{--}0.5$ FTE (or equivalent contract) for application, inspection, and grant management
- **Basis:** Town Wildfire Advisory Group recommendation of **~\$100,000/year** for vulnerable homeowners; Montecito Home Hardening Assistance \approx **\$50,000/year for 10–15 homes**; Truckee's **\$550,000/year** Community Wildfire Prevention Grants program.

Chipping and Green Waste Support

- **Priority:** High
- **Tier:** Primarily Intermediate / Comprehensive (small Foundational pilot possible)
- **Annual cost range:** **\$250,000–\$500,000**
- **One-time cost:** N/A
- **Admin / staffing:** Program design, vendor management, scheduling, customer service, outreach
- **Basis:** Truckee's Measure T Green Waste budget ranges from about \$685,000 to \$760,000 per year for curbside pick-up, dumpster rebates, and Firewise dumpsters, serving roughly 4,700 WUI parcels and additional residents. Montecito's Neighborhood Chipping Program is about \$130,000/year in a much smaller community. Los Gatos has on the order of 3,100–3,400 WUI homes, so a scaled program focused on those high-risk neighborhoods is reasonably in the \$250,000–\$500,000 range depending on service level (number of annual collection windows, capacity for curbside pick-up vs. centralized dumpsters, and level of outreach).

Firewise / Fire Smart Outreach

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** \$50,000–\$100,000
- **One-time cost:** N/A
- **Admin / staffing:** ≈ 0.25–0.5 FTE (or equivalent contract) plus materials and events
- **Basis:** Montecito home-hardening and outreach budgets (~\$50k+/yr); Truckee's prevention/outreach allocations within Measure T; Town Wildfire Advisory Group emphasis on Firewise and preparedness education.

Town-wide education & preparedness campaigns

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** \$25,000–\$75,000
- **One-time cost:** N/A
- **Basis:** Truckee and Montecito community wildfire communications.

Town-Wide Evacuation Modeling and Plan (planning only)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** Minimal (beyond periodic updates/exercises)
- **One-time cost:** ≈ \$200,000–\$300,000 (no additional funding needed for this item)
- **Basis:** Currently scoped at ~\$300,000 as a planning ceiling for modeling and plan development. Grant application pending. HMGP comparables show similar scales for detailed wildfire/evacuation planning.

Evacuation Route Physical Improvements (Capital)

- **Priority:** High (long-term)
- **Tier:** Comprehensive
- **Capital range:** ≈ \$10 million over 5–10+ years (capital)
- **Basis:** Prior Town analysis and Wildfire Advisory Group work identified a conceptual package of evacuation-route improvements (e.g., shoulder work, limited widening, turnouts, signage, and parking restrictions) on the order of \$10 million over time (approximately \$1 million in early projects and another ~\$9 million in later phases). These amounts are placeholders used solely for long-range planning.
- **Notes & Assumptions:** This is capital, not program operating cost, and actual scope, sequencing, and cost will be determined only after completion of the Town-wide evacuation modeling and plan. The modeling effort is expected to identify specific bottlenecks, priority corridors, and recommended treatments; any capital projects that emerge will be brought back through the Town's normal CIP and budget process with refined engineering estimates. Until that work is complete, the \$10 million figure should be treated as a high-level planning benchmark, not a commitment.

Outdoor Warning System (Sirens)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** \$40,000–\$60,000 (O&M)
- **One-time cost:** ≈ \$1.5–\$1.7 million for ~8 siren sites
- **Basis:** Town's HMGP subapplication for 8 siren locations (~\$1.63M total). Malibu and other HMGP siren feasibility/implementation projects show similar per-site and annual maintenance costs. Grant application pending.

Staff Training

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** \$75,000–\$150,000
- **One-time cost:** N/A
- **Basis:** Emergency Management Accreditation Program aligned programs typically budget at least 0.5–1.0 FTE plus training and exercise funds. This range covers one major exercise every 1–2 years, annual ICS/EOC training, VEOCI config, and backfill; consistent with the Town's EOP implementation and regional coordination commitments.

Program Staffing

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** \$100,000–\$200,000
- **One-time cost:** N/A
- **Basis:** Peer communities dedicate explicit staff capacity to wildfire mitigation program administration. Truckee Fire Protection District has created a Wildfire Prevention Division that includes a Wildfire Prevention Manager and four support staff. Montecito Fire Protection District's Vegetation Management and Wildfire Prevention work is similarly managed by a small prevention team that includes specialist roles focused on vegetation management and community wildfire preparedness. For Los Gatos, this range is intended to represent roughly one mid- to senior-level FTE (or an equivalent blend of staff time) dedicated to wildfire program coordination in addition to the existing Emergency Manager role. Duties would include vendor and contract management, coordination with any Fire Safe Council partners, grant management, data tracking, reporting, and cross-departmental coordination.

Contracted Program Support (e.g., Fire Safe Council)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** \$150,000–\$300,000
- **One-time cost:** N/A
- **Basis:** California Fire Safe Councils commonly manage bundled services—chipping, defensible-space assessments, neighborhood grants, and block-contractor coordination—under low- to mid-six-figure annual contracts in similar WUI communities. For example, Sonoma

County's Wildfire Adapted programs invested roughly \$2.35 million (Part 1) and \$0.37 million (Part 2) in outreach, assessments, regulatory compliance, and planning, with about \$120,000 in dedicated grant-management staffing, implying a management/admin share on the order of 5–10% of total project costs. For a Los Gatos wildfire-mitigation program with total annual spending in the \$1.5–\$3.0M range, a \$150,000–\$300,000/year contract for a Fire Safe Council or similar partner keeps combined internal + external administration in a reasonable band (roughly 15–20% of program cost), while still allowing delivery of chipping logistics, inspection scheduling, outreach, and neighborhood-grant support.

Community Grants / Neighborhood Projects

- **Priority:** Medium–High
- **Tier:** Comprehensive
- **Annual cost range:** \$250,000–\$750,000
- **One-time cost:** N/A
- **Basis:** Truckee's Community Wildfire Prevention Grants budget is **\$550,000/year**, funding neighborhood-scale fuel reduction and Firewise projects. Montecito invests targeted funds in hazard tree removal and defensible space projects that strengthen its fuel-treatment network.

Urban Forest Tree Work (12-Year Cycle Implementation)

- **Priority:** Medium-High
- **Tier:** Intermediate / Comprehensive
- **Planning-level cost range:** ≈ \$425,000–\$450,000 per year
- **Basis:** Initial estimated costs for fully funding Town tree work; Details pending updated Urban Forest Management Plan.

Vegetation Management Plan (VMP) Update

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** \$50,000–\$100,000 (implementation support, monitoring, adaptive management)
- **One-time cost:** ~\$300,000–\$325,000 (plan update, CEQA, mapping)
- **Basis:** The one-time cost reflects the total project budget in the Town's USDA Community Wildfire Defense Grant application: \$250,000 in federal funds plus a \$62,500 local match, for a total of \$312,500 to develop a comprehensive Vegetation Management Program (VMP) and update the 2021 Vegetation Management Plan. The annual range covers ongoing implementation support after the update (e.g., monitoring, adaptive management, coordination with open-space and roadside fuel treatments, and regular updates to treatment priorities).

Advanced Wildfire Risk Modeling and Analytics

- **Priority:** Medium
- **Tier:** Intermediate / Comprehensive
- **Annual cost range:** \$15,000–\$40,000 (incremental to existing GIS agreements)

- **One-time cost:** Up to ~\$50,000–\$75,000 if a dedicated modeling platform or additional lidar/imagery processing is procured
- **Basis:** Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town’s evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly

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DATE: December 16, 2025
SUBJECT: Attachment 2: Los Gatos Wildfire Risk Mitigation Cost Table
PREPARED BY: Chris Todd, Emergency Manager

This attachment provides table summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

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Detailed Cost Matrix

#	Program Element	Planning-Level Cost Range*	Basis / Comparable	Notes & Assumptions
1	Roadside fuel reduction (priority WUI routes)	≈ \$350k–\$500k/yr; one-time \$600k–\$700k	Annual figures reflect ongoing treatment of priority WUI evacuation routes once initial backlog work is completed (e.g., a 4–6 year cycle, with lighter annual/biannual maintenance on the most constrained segments). The one-time backlog range is a planning-level allowance to bring the remaining high-priority segments up to standard. LG Wildfire Advisory Group: \$75k/mile × 5.2 miles ≈ \$390k/yr. Montecito: \$95k/yr for 13 miles roadside work in less steep terrain.	Assumes 6-yr cycle with heavier initial work, then annual/biannual maintenance on highest-risk routes; includes contractor + ≈0.1–0.2 FTE Town PM.
2	Weed Abatement and Defensible Space Inspections (Town share)	≈ \$95k–\$175k/yr	Montecito's annual defensible-space/weed inspections for ~4,200 parcels; Truckee's defensible space team funded ~\$3.8M/year; Range includes the County Weed Abatement program fee currently billed to the Town (≈ \$20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.	These funds would supplement County Fire's inspection/enforcement with Town admin capacity.
3	Open space/park vegetation management (Town-owned)	Annual ≈ \$150k–\$300k; one-time ≈ \$100k–\$200k	Truckee fuels projects: \$2.9k–\$4.8k/acre. Tyrolian/BurnBot: ~\$2.5k–\$2.8k/acre. Montecito FTN: ~\$3.6k/acre.	Assumes initial treatments ~\$2.5k–\$4k/acre; maintenance ~\$1k–\$1.5k/acre; supports treating/maintaining ~75–150 acres/yr. Larger backlog reduction would require separate capital.
4	Defensible space & home-hardening grants	≈ \$150k–\$400k/yr	LG Wildfire Advisory Group: ~\$100k/yr Foundational. Montecito: \$50k/yr for 10–15 homes. Truckee: \$550k/yr community grants.	Supports ~50–150 homes/yr at \$1k–\$3k each plus admin; scalable via Fire Safe Council partnership.

5	Neighborhood / curbside chipping & green-waste	≈ \$250k–\$500k/yr	Truckee’s Green Waste program (pick-up, Firewise dumpsters, dumpster rebates) totals about \$685k–\$760k/year and handles thousands of piles and over 30,000 cubic yards of material for approximately 4,700 WUI parcels and additional residents. Montecito’s Neighborhood Chipping Program is about \$130k/year in a smaller community.	Band is scaled for Los Gatos’ ~3,100–3,400 WUI homes: the lower end reflects an Intermediate-scale program (1–2 seasonal events focused on WUI neighborhoods), while the upper end reflects a more Comprehensive, Truckee-style service level but still somewhat smaller in scale.
6	Firewise support & community organizing	≈ \$50k–\$100k/yr	Montecito: ongoing Fire Code/defensible space outreach. Truckee: Firewise integrated into prevention team.	Funds Firewise mini-grants, materials, and a portion of staff/contract time dedicated to neighborhood engagement.
7	Town-wide education & preparedness campaigns	≈ \$25k–\$75k/yr	Truckee and Montecito both invest in ongoing wildfire communications.	Higher end = multi-channel campaigns (print, web, social, meetings, translation). EM/PIO time not fully monetized here.
8	Evacuation modeling & town-wide plan	One-time ≈ \$200k–\$300k	Earlier Town planning (~\$185k) plus current RFP ceiling (~\$300k). HMGP comparables show similar ranges.	Planning/modeling only; excludes any roadway construction recommended by the study.
9	Evacuation route physical improvements (capital)	≈ \$10M over 5–10+ yrs	Town Wildfire Advisory Group funding summary ≈ \$10M for evacuation-related roadway work. HMGP roadway & shaded fuel break projects show similar orders of magnitude.	Conceptual CIP-level figure; actual costs will depend on detailed design/CEQA/ROW.
10	Outdoor warning siren system	One-time ≈ \$1.5M–\$1.7M + \$40k–\$60k/yr O&M	Town HMGP subapplication: ~ \$1.63M for 8 sites. Malibu siren feasibility and other HMGP projects show similar per-site costs.	Capital largely grant-funded if awarded; Town responsible for match and ongoing testing/maintenance.
11	Staff training & exercises	≈ \$75k–\$150k/yr	EMAP-aligned city programs typically fund ≥0.5–1.0 FTE plus exercise budgets.	Covers annual ICS/EOC training, one major exercise per 1–2 yrs, VEOCI upkeep, and backfill.
12	Program administration & contracted program	≈ \$250k–\$500k/yr	Town Wildfire Advisory Group flagged staffing as a major limiter. Montecito & Truckee both show admin costs on top of project dollars. Tahoe Fire Smart pilots emphasize dedicated coordinators.	Lower end ≈ 0.75 FTE Town + small FSC contract; higher end ≈ 1–1.5 FTE equivalent plus a robust Fire Safe Council admin role.

	support (internal + external)		Costs include support services of the Fire Safe Council or similar organization	
13	Community wildfire grants (block / HOA / partners)	≈ \$250k–\$750k/yr	Truckee: \$550k/yr Community Wildfire Prevention Grants. Montecito: targeted defensible space/hazard tree projects.	\$250k/yr supports a few high-impact projects; \$500k–\$750k/yr moves toward Truckee-scale neighborhood mitigation.
14	Urban Forest Management	≈ \$425k–\$450k	Estimated urban forest management on 12yr cycle; Pending Los Gatos' UFMP revision work.	Implementation (tree removal/replacement, canopy management) coordinated with roadside/VMP projects and funded via maintenance & capital.
15	Advanced Wildfire Risk Modeling and Analytics	≈ \$15k–\$75k/yr (incremental)	Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town's evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly.	Treated as an optional enhancement in the Intermediate and Comprehensive scenarios; not required for a functional Foundational program.