



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 01/24/2023

ITEM NO: 1

DATE: January 19, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Affirm and/or Refine Existing Strategic Priorities and Determine the Priorities for New Ordinances.

RECOMMENDATION:

Affirm and/or refine existing Strategic Priorities and determine the priorities for new ordinances.

BACKGROUND:

Every year, the Town Council considers its Strategic Priorities for the next two years. In past years, Strategic Priorities consisted of specific policy efforts that could be completed within a relatively short time frame of a few months. More recently, Strategic Priorities have evolved to address more complex issues facing the Town that may involve multifaceted approaches, such as addressing transportation and traffic (see Attachment 1).

The Council's identification of Strategic Priorities is a critical step in the budget process for the next fiscal year by determining the policy priority areas. The next step is for the Town Council to provide specific budget direction for the preparation of the Proposed Fiscal Year (FY) 2023/24 Operating and Capital Budgets (scheduled for February 21, 2023).

The goal of the session is to affirm and/or refine existing Priorities. Given the work that is underway with existing Priorities, the Town organization has no staff capacity to add new items on top of the existing ones; however, there is capacity for refinements of existing Priorities as discussed in this report. In addition, the Town has limited financial capacity to add significant new items as Town revenues continue to be impacted by the pandemic and insufficient relative to expenditures.

This report discusses the Town's staff capacity, existing Strategic Priorities, accomplishments to date, work in progress, opportunities for refinements, and a list of recommended ordinances.

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

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DISCUSSION:

Staff Capacity

The Town of Los Gatos provides the key local government services of Public Works, Parks, Library, Police, and Community Development with the necessary support services of Information Technology, Finance, Clerk, and Human Resources. The Town Manager's Office leads and guides these administrative duties and closely collaborates with the Town Attorney's Office to support the work of the Town Council. From the Council's priority setting, the work of the Town Departments and Commissions is aligned to meet these Priorities.

As a service organization, each Department devotes approximately 90% of its staff time and other budget resources providing core services to the community. These core services contribute to the quality of life in Los Gatos and were recently affirmed through a community survey. The community is accustomed to high quality municipal services provided by talented, skilled, and caring employees. Some of these services had to evolve given the COVID-19 pandemic and in response to the changing needs of the community. In addition, Town Departments have had to absorb new work required by State mandates without adding new employees. Based on the Council's leadership, staff is also implementing community vitality and economic recovery actions to assist businesses, residents, and non-profits during these challenging times.

The remaining 10% or so of Department resources are allocated to special projects, such as Strategic Priorities. All of these services and projects are supported by the Town's Operating and Capital Improvement Budgets.

As we learned last week, the same staff who work on these initiatives are also an integral part of the Town's response in an emergency. For all of these reasons, the Town organization has no idle capacity for big, new Priorities.

Existing Strategic Priorities

Attachment 1 depicts the Ongoing 2022-2024 Priorities, organized under the major topics of Safety, Prudent Financial Management, Quality of Life, and Traffic/Transportation. Per Council direction, the depiction of the Priorities show the interconnectedness of the major topics.

Accomplishments. Several items were accomplished during 2022, including the reinvigoration of community policing; sale of the Venue to Los Gatos-Saratoga Union High School District; entry into the lease for the Los Gatos Theatre; the construction of the Dittos Lane Affordable Housing Development; adoption of Objective Standards for multi-family development projects; voter approved measure to modernize the Business License Tax; funding for wildfire mitigation

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vegetation management; and implementation of a pilot downtown business employee parking permit program.

Work in Progress. There are important efforts underway in each category. For **Traffic/Transportation**, these efforts include wayfinding for downtown parking; a nexus study for an update to the Town's Traffic Impact Fee and a potential Vehicle Miles Traveled Fee; and several active transportation improvements that are in the design and/or bidding phase.

Under **Prudent Financial Management**, the Town continues to put funding aside for future pension and Other Post-Employment Benefits obligations; the Finance Commission is discussing new revenue opportunities and other ways to address the Town's fiscal challenges; and the Town is working on the potential transfer of New York Avenue and other streets to the High School District.

With respect to **Safety**, the Police Department has made great strides in many aspects of public safety as discussed at the January 17, 2023, Council meeting. In addition, the Town is continuing to manage roadway vegetation to reduce the Town's risk of wildfire and seek funding for a siren system as identified in the Ad Hoc Wildfire Mitigation Plan. Emergency preparedness activities, including Community Emergency Response Team (CERT) recruitment and training, are ongoing. The Holiday Parade and the recent storms provided an excellent opportunity for Town staff to work with CERT and our Disaster Assistance Response Team (DART) to augment our lean resources.

A variety of efforts are underway in the **Quality of Life** category. The Town Manager's Office is taking the lead in preparing a Diversity, Equity, and Inclusion Plan as directed by Town Council, which should be finished in Summer 2023. The Senior Road Map is nearing completion by the Senior Services Committee. Economic and community vitality efforts are well underway, including the semi-permanent parklet program, the extraordinary rebounding of community events, and technical assistance to businesses seeking to locate or expand in Los Gatos. Town staff continue to enhance the variety of communication methods with the community to foster engagement in Town efforts, including but not limited to Farmers Market booths, expanded social media presence, website redesign, and pushing out information regarding community workshops, Council meetings, and other participation opportunities.

The Housing Element is scheduled for Council consideration next week with follow up work to refine the document in response to the California Department of Housing and Community Development comment letter. The Housing Element is the Town's affordable housing plan. Once the Housing Element is certified, the Town must begin to work on key implementation

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programs as required by State law (e.g., rezoning the properties identified in the Sites Inventory). While the 2040 General Plan was adopted in 2022, a referendum on the Land Use and Community Design Elements necessitates further Council direction after the certification of the Housing Element. The adopted 2040 General Plan also contains a large number of Implementation Programs to be completed during 2020-2025, annually, or on an ongoing basis (Attachment 2). There are a lot of important items, including actions in the updated Environment and Sustainability Element; however, staff is not asking the Council to prioritize any of those items and add them to Strategic Priorities until the Housing Element work, including site rezonings, is complete.

The Council adopted an Ordinance to provide local rules for the implementation of Senate Bill 9 and directed additional work which is scheduled for Council consideration in February.

Opportunities for Refinements. The Council is welcome to refine the existing Priorities, clarify its objectives, and/or provide additional direction. For example, the Town Council may want to provide initial direction on two Town properties (224 W. Main and Pine/Calfhill Court) as part of the “sell or lease certain Town properties” under Prudent Financial Management.

List of Ordinances

A growing aspect of municipal governance is the proliferation of state mandated laws which require local ordinance development. In addition, decisions by the courts are mandating local ordinances to implement their rulings.

In coordination with all Town Departments, the Town Attorney has provided a list of potential ordinances to amend the Town Code in Attachment 3. This list is in priority order based on work already in progress, State laws, service delivery, and emerging conditions. The Council is welcome to adjust the priorities for this work.

Public Comments

Attachment 4 contains public comments received prior to 11:00 a.m. on Friday, January 20, 2023. The comments include a mix of policy, service, and budget requests.

Priority Setting Process

After review of the materials and consideration of public testimony, the Council may take the following steps to set priorities:

1. Affirm and/or refine the current Strategic Priorities; and
2. Determine the priority order of potential ordinances.

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CONCLUSION AND NEXT STEPS:

The completion of the Strategic Priorities aligns the work of the Town Departments, Boards, Commissions, and Committees. The Council's affirmation of existing Priorities and any refinements inform the Council's budget direction discussion scheduled for February 21 and the preparation of the Proposed Fiscal Year 2023/24 Operating and Capital Budgets for Council consideration in May.

Specifically, on February 21, the Town Council is scheduled to discuss the Five-Year Financial Forecast and the sensitivity of the Forecast to changes in key revenue and expenditure assumptions (i.e., alternative scenarios). As part of this discussion, the Council may direct forecast revisions. The Five-Year Forecast provides important context to the Town Council's budget direction for the preparation of the Proposed Budget.

The Finance Commission is scheduled to discuss these same financial items at its February 13th meeting, providing any comments and recommendations for Council consideration.

COORDINATION:

The preparation of this report was coordinated with all Town Departments.

FISCAL IMPACT:

The work of this session together with the Council's budget direction in February informs the preparation of the upcoming Fiscal Year 2023/24 Operating and Capital Budgets. The Priority setting session itself has no fiscal impact.

ENVIRONMENTAL ASSESSMENT:

The Council's work associated with Strategic Priorities is not a project defined under CEQA, and no further action is required.

Attachments:

1. 2022-2024 Strategic Priorities
2. Los Gatos 2040 General Plan Implementation Programs 2020-2025, Annual, and Ongoing
3. Ordinance List
4. Public Comments received prior to 11:00 a.m. on Friday, January 20, 2023