



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/22/2025

ITEM NO: 1

DATE: April 22, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Discussion and Consideration of Direction for the 2025-26 Budget Including Budget Balancing Approaches

RECOMMENDATION:

Staff recommends the Town Council

- Discuss and provide input to staff in developing the budget, and
- Provide direction to the Finance Commission in their review of the 2025-26 budget.

STRATEGIC PRIORITIES:

The item relates to all six core goals and all strategic priorities.

FISCAL IMPACT:

None. The discussion is intended to set direction for budget development and does not in itself result in a fiscal impact.

BACKGROUND:

Each year, between January and June, the Town undertakes an extensive process to prepare the fiscal year budget, effective July 1. This comprehensive budget development effort includes evaluating and determining several key components

- **Budget Guidelines and Timeline:** Establish initial guidance and expectations for departments along with a structured calendar of budget development and approval activities.
- **Revenue Projections:** Forecast anticipated revenues utilizing historical data trends, economic indicators, and consultations with external revenue consultants.
- **Personnel Costs:** Project salary, wage adjustments, benefits, and pension obligations for current and proposed staffing levels.

PREPARED BY: Chris Constantin
Town Manager

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

- **Setting Strategic Priorities:** Identify and reaffirm strategic priorities, providing foundational guidance to shape budget formulation and resource allocation.
- **Operating and Capital Expenditures:** Assess and prioritize operational necessities and capital improvement projects, balancing immediate needs and long-term investments.
- **Budget Balancing and Deficit Reduction:** Develop strategies to align expenditures with available resources, actively addressing any structural budget deficits through targeted reductions or revenue enhancements.
- **Public Input:** Engage the community through transparent outreach efforts to gather and incorporate public feedback into the budget development process.
- **Budget Approval:** Finalize and present the recommended budget for Town Council consideration and adoption.

In February 2025, the Town Council set high-level strategic priorities for the period of 2025-2027. This included prioritizing emergency preparedness, particularly with regard to wildfire risks, ensuring prudent financial management, and preserving the unique small-town charm of the community.

Also in February 2025, the Finance Commission reviewed the Town's initial Five-Year Financial Forecast, discussing projected financial conditions and emerging fiscal challenges. Subsequently, in April 2025, the Finance Commission provided input into the development of a Request for Proposal (RFP) aimed at conducting an external Five-Year Forecast and a comprehensive Fiscal Impact Analysis. These efforts are designed to enhance the Town's strategic approach to understanding current financial condition, addressing ongoing structural budget deficits, and projecting the revenue and expenditure needs from future development.

For the upcoming 2025-26 fiscal year, the Town faces a projected operational deficit of approximately \$3.7 million. To effectively address this challenge, Town staff seeks specific direction from the Town Council regarding:

- Perspective on expenditure reduction measures outlined in progressively impactful tiers,
- Exploration and adoption of potential new or adjusted revenue-generating initiatives,
- Identification of preferred strategies for achieving a balanced budget that aligns with established strategic priorities and community expectations.

Council's guidance on these key decisions will significantly inform the preparation of the final 2025-26 budget, ensuring a sustainable financial path forward.

DISCUSSION:

The purpose of this special meeting is to provide directions to staff on the approach and considerations for preparing a balanced budget. In two other agenda items presented today, staff also are looking to present a new tiered framework for capital improvement programs and presenting options in how the Town proceeds with community organization funding.

Approach and Considerations to Balancing the Budget

As is the case with other communities, the Town budgets revenue and expenditures conservatively. For the capital improvement program, the capital budget appropriates funding for all projects in the fiscal year that may be undertaken regardless of staff capacity consideration.

Personnel Vacancy Factor of 4.6%

In 2024-25, the Town introduced a vacancy factor of 4.6% as part of its approach to balance the budget recognizing vacancies and personnel changes during the year resulted in avoided personnel expenditures.

The vacancy factor approach allowed the Town to capture these avoided expenditures up front in the year instead of the end. However, the approach also increased the risk the Town could still fill all its positions without restriction or see a different change in personnel expenditure (i.e. impacts of increases in total compensation) and if it comes to pass, the Town will experience the actual deficit it was intending to avoid.

The Government Finance Officers Association (GFOA) best practice in effective budgeting of salary and wages encourages every government to consider forecasting procedures that would result in more accurate expenditure projections, especially as they relate to personnel. However, the best practice is focused solely on determining more precise expenditure projections.

In a 2020 article published by the GFOA called “Balancing the Budget in Bad Times”, the GFOA recommends governments institute good control systems to stay on track with financial plans and forecasts. Specifically around position control, the article recommends the government maintain head count within limits and not fill vacancies unless it is affordable. Other areas speak to monitoring the budget to actual expenditures, purchasing controls, capital project controls, and evaluating impact of performance versus the cost of that performance.

Moving forward for 2025-26

The Town's 2025-2027 top strategic priority includes proper financial management to result in a structurally balanced forecast over the future years. To this end, I am recommending the following approaches for the 2025-26 budget.

- **Year 1 – Balancing Reserve Fund Use with Operational Reductions** – to ensure the Town does not overly reduce operations only to find its conservative projections and reductions lead to significant surpluses, this approach allows the Town to leverage some of its reserve balances to give time for other measures to facilitate closing the gap.
 - **Council Direction** – determine to what extent the Town budget will use reserves to cover the deficit and what level of reductions and revenue enhancements should be considered in 2025-26.
- **Year 1 – Capital Improvement Planning** – as will be discussed in the Capital Improvement Program budget discussion, move to a three tier program that only appropriates funding for those projects that have staff capacity to perform while leaving remaining funding unallocated.
 - **Council Direction** – to be given during discussion of the next agenda item.
- **Additional Controls on Expenditure Controls** – implement more top-level controls to monitor budget performance and balance operations with cost containment. No formal action is needed, but internal measures are moving forward.
 - **Position Control** – while no vacancy freeze is proposed currently, the Town Manager has implemented a robust evaluation process for filling vacant positions which balances operations, financial condition, strategic priorities, and service levels.
 - **Expenditure Control** – additional controls are being considered to include vehicle replacement evaluation, budget control at a lower level in departments, and additional budget monitoring mechanisms.

Moving into the fiscal year, the Town will need to continue fiscal prudence and planning for how to address the structural nature of the deficit. This may include evaluating how resources are deployed across functions, determining what sustainable service levels are, engaging in more robust public input in what the public desires from the Town, evaluating how major cost drivers can be brought into alignment with available revenue, and identifying other strategies for bringing the Town back into balance. These efforts will be challenging in ways not experienced by the Town, but we are a strong, smart, and resilient community who are up to the task.

Town's Five-Year Forecast

The Five-Year Financial Forecast (FY 2026-27 through FY 2030-31) serves as a key component of the Town's annual budget development process, enabling an informed evaluation of the Town's fiscal outlook to guide policy decisions and programmatic planning. This forecast follows the best practices recommended by the Government Finance Officers Association (GFOA) and incorporates assumptions and estimates based on the FY 2024-25 Mid-Year Review and updated projections from the FY 2025-26 Proposed Budget development (see Attachments 1 and 2).

The Forecast projects ongoing deficits beginning at approximately \$3.7 million in FY 2025-26, driven primarily by salary increases (already negotiated through FY 2026-27 and assumed at 2% annually thereafter), pension obligations, and general cost escalation. To manage the immediate deficit, short-term strategies include expenditure controls and utilizing \$3.7 million from the Unassigned Fund Balance. However, with revenues not keeping pace with rising costs, the Town must evaluate its long-term revenue capacity to sustain current service levels.

[illegible]

Operating Revenue Trends

The Town's financial health significantly depends on four primary revenue sources—property tax, sales tax, business license tax, and transient occupancy tax (TOT)—which together account for 67.5% of the forecasted General Fund revenues. Revenue assumptions for the Forecast period reflect input from key economic consultants, including MuniServices (sales tax), HdL Coren and Cone (property tax), and local industry representatives (TOT) (see Attachment 1).

The forecast assumes all Measure G Sales Tax and Excess Education Revenue Augmentation Fund (ERAF) revenues are allocated fully to General Fund operations.

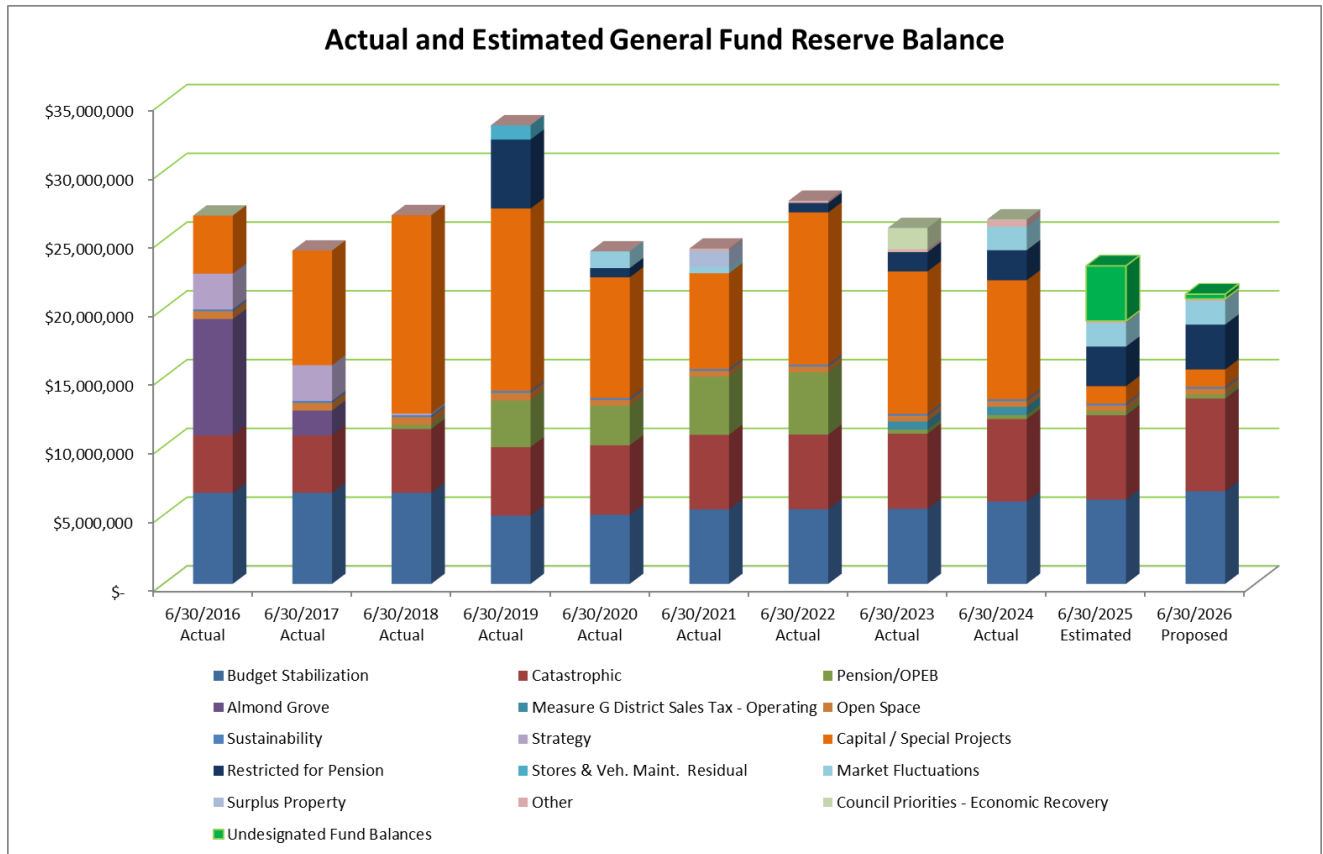
Operating Expenditure Trends

Operating expenditures are primarily influenced by cost escalation and new or enhanced service programs approved annually. Key cost drivers include inflation, negotiated labor agreements, healthcare, and mandated CalPERS pension contributions (detailed in Attachment 2).

Personnel costs constitute approximately 65.6% of the FY 2025-26 General Fund expenditures. To manage rising labor costs, the Town has maintained lower staffing levels. Pension and Other Post-Employment Benefits (OPEB) obligations continue to escalate due to historical underperformance in CalPERS investments and changes in demographic and actuarial assumptions. Despite proactive measures such as closing Tier 1 pensions, adopting the Public Employees' Pension Reform Act (PEPRA), and prefunding OPEB liabilities (now holding \$28.1 million in assets), pension costs remain a major financial pressure.

General Fund Reserves are projected at \$25.9 million by June 30, 2026, reflecting previous significant transfers to pension/OPEB obligations and Capital Improvement Programs (CIP). Historical transfers ranged from \$1.1 million (FY 2024-25) to \$5.7 million (FY 2019-20). No CIP transfer is proposed in FY 2025-26. Significant pension-related transfers include the CalPERS side-fund payoff (\$4.5 million, 2014) and additional discretionary payments totaling \$10.5 million from FY 2019-20 to FY 2020-21. The FY 2025-26 Proposed Budget achieves balance through the utilization of \$3.7 million of the Unassigned Fund Balance.

The following two charts show the historical breakdown of the General Fund reserve balances.



General Fund Reserve	6/30/2016 Actual	6/30/2017 Actual	6/30/2018 Actual	6/30/2019 Actual	6/30/2020 Actual	6/30/2021 Actual	6/30/2022 Actual	6/30/2023 Actual	6/30/2024 Actual	6/30/2025 Estimated	6/30/2026 Proposed
Restricted for:											
Pension	\$ -	\$ -	\$ -	\$ 5,015,316	\$ 669,978	\$ -	\$ 690,000	\$ 1,400,163	\$ 2,188,659	\$ 2,878,659	\$ 3,268,659
Property Held for Resale								44,338	344,338	-	-
Committed to:											
Budget Stabilization	\$ 6,621,808	\$ 4,969,847	\$ 5,037,243	\$ 5,419,222	\$ 5,427,603	\$ 5,460,485	\$ 5,991,566	\$ 6,129,774	\$ 6,736,781	\$ 7,991,544	\$ 7,991,544
Catastrophic	4,637,406	4,969,847	5,037,243	5,419,222	5,427,603	5,460,485	5,991,566	6,129,775	6,736,781	7,991,544	7,991,544
Pension/OPEB	300,000	3,388,913	2,878,913	4,232,500	4,532,500	300,000	300,000	300,000	300,000	1,000,000	1,000,000
Almond Grove	8,459,973	1,801,318	-	-	-	-	-	-	-	-	-
Measure G District Sales Tax - Operating	-	-	-	-	-	-	-	590,581	590,581	-	-
Assigned to:											
Open Space	\$ 562,000	\$ 562,000	\$ 562,000	\$ 562,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000
Sustainability	140,553	140,553	140,553	140,553	140,553	140,553	140,553	140,553	140,553	140,553	140,553
Strategy	2,600,000	2,600,000	129,090	-	-	-	-	-	-	-	-
Capital / Special Projects	4,222,405	8,332,953	14,421,203	13,262,303	8,787,958	6,965,356	11,071,231	10,359,577	8,651,056	1,264,639	1,264,639
Authorized Carryforward	99,284	34,852	99,927	413,729	-	-	33,145	37,698	85,861	85,861	85,861
Compensated Absences	-	350,329	2,122,512	1,232,653	1,539,408	1,649,917	1,519,147	1,580,623	1,555,478	1,555,478	1,555,478
To Workers' Compensation	-	-	-	1,232,654	-	-	-	-	-	-	-
Measure G District Sales Tax - Op/Cap	-	-	-	-	1,181,162	1,730,490	590,581	-	-	-	-
Stores & Veh. Maint. Residual	-	-	-	1,040,375	-	-	-	-	-	-	-
Market Fluctuations	-	-	-	-	1,218,732	438,333	-	-	1,712,246	1,712,246	1,712,246
Surplus Property	-	-	-	-	-	1,200,000	-	-	-	-	-
ERAF Risk Reserve	-	-	-	-	-	-	-	689,608	1,430,054	-	-
Council Priorities - Economic Recovery	-	-	-	-	-	-	-	1,556,614	20,684	-	-
Other	-	-	-	-	-	159,000	159,000	159,000	159,000	159,000	159,000
Un assigned Fund Balance										4,000,000	341,785
Total General Fund Reserve	\$ 27,643,429	\$ 27,150,612	\$ 30,428,684	\$ 37,970,527	\$ 29,335,497	\$ 23,914,619	\$ 26,896,789	\$ 29,528,304	\$ 31,062,072	\$ 29,189,524	\$ 25,921,309

Expenditure and Deficit Reduction Options

The Town's Executive Team came together to thoughtfully consider options to address the deficit. This exercise resulted in four groups of reduction considerations that will be referred to as tiers for the purposes of this report. Each tier progressively increases the types of reductions considered and the associated impacts, totaling to a potential savings of \$5 million. None of the four tiers include the elimination of filled full-time positions and all core services will continue in some fashion, albeit some would experience a decreased level of service as described in more detail in each tier.

As the Council reviews the tiers, it would be helpful for the Council to provide feedback on anything they would be interested in potentially pursuing and anything they would prefer staff did not pursue further. Staff recommend implementing Tier 1 and potentially portions of Tier 2 if there are items the Council finds tenable, with the remainder of the deficit addressed with revenue solutions as described in the next section, or with reserves. The more expenditure reductions or revenue options that are implemented, the less the Town will need to rely on reserves. It is also important to note that the more expenditure reductions that are implemented now preserves the use of reserves for the future, allowing more flexibility and time to address the deficit.

Tier 1 (Estimated \$500,000 savings):

In Tier 1, the team focused on efficiency and reprioritizing time and resources to align with core service delivery and strategic priorities. In this tier, the team was intentional in preserving staff hours and only reduced where part-time positions were either unfilled or currently filled by retired annuitants providing extra help. The reductions may mean that staff may not have funding available to address unusual or unexpected circumstances.

Of note, Tier 1 includes the removal of the \$2,500 Commission Budgets, many of which were first added in May 2023, while the Youth Commission and Parks and Sustainability Commission had some funds prior. This would save approximately \$17,500 annually as well as save staff time in clarifying the appropriate use of the funding. As the funding is primarily for supplies and materials to support commission activities, such as giveaway items at events, the Town plans to bulk purchase giveaway items for commission and staff to use at events and other activities as appropriate. This will save on costs as well as provide consistency. Staff will continue to support commissions in supplying printer materials and other needs within reason.

Tier 1 results in an estimated saving of \$500,000 (\$430,000 annually, \$70,000 one-time). Some of these savings have already been proactively included in the Proposed FY 25-26 Budget. As a result, if Tier 1 is implemented, it would reduce the Proposed Budget expenditures by an estimated \$300,000.

Tier 2 (Additional estimated \$1M savings):

Tier 2 contemplates deeper reductions, yet without significantly impacting core service or reducing staff hours. Some strategic priority related funding begins to be impacted in this tier.

- Strategic Priority Impacts
 - In Tier 2, funding related to the unhoused would be reduced by approximately \$26,000, removing the portable restroom and reducing the amount of funding for the Hotel Program. It is important to note that the Hotel Program is still expected to have enough funding to operate appropriately given a typical winter. With increased inclement weather, the budget may be tight but would likely be offset by the reduced number of hotels participating due to redevelopment.
 - Additionally, given the addition of the full-time Emergency Manager position, this tier reduces the number of part-time emergency coordinator hours, saving approximately \$18,000. This would result in fewer hours for the Emergency Manager to spend on expanding the program and strategic action items, but would still allow some part-time hours to continue to support the work. This tier also includes defunding \$500,000 of the \$1,000,000 one-time emergency management funding Council allocated in January 2025.
- Other Service Delivery Impacts
 - Reduces in outside legal services of approximately \$110,000, resulting in delays in Town Attorney response times, possibly by two to four weeks.
 - Removes power washing and decorative tree wrap lighting downtown, saving approximately \$100,000.
 - Turns off the fountains at Civic Center and Plaza Park, saving approximately \$20,000.
 - Removes doggie bags in parks as they often are taken by some members of the public in large quantities for personal use. This would save approximately \$10,000.
 - Reduces Library offerings including film, audiobook, and streaming media; e-resource databases and e-magazines; physical newspaper subscriptions; printed quarterly programs/brochures; and the number of media and book additions and replacements in the Library's collection. These efforts would save approximately \$84,000.
 - Reduces the amount the Town contributes toward utility payments on behalf of third parties.
 - Involves further reductions in staff training and memberships that may cause staff to fall behind in the latest concerns and issues in their fields, potentially impacting service to the public over time.

Tier 2 results in an additional estimated savings of \$1M (\$0.5M annually, \$0.5M one-time).

Tier 3 (Additional estimated \$1.1M savings):

Tier 3 includes reductions with more significant impacts, including part-time staff hour reductions, vacant full-time positions, and noticeable service reductions.

- Reorganizing Functions
 - Reorganizes the process for Community Police Complaints from the Town Attorney's Office to the Town Manager's Office, saving approximately \$60,000. This still allows oversight and vetting of the process by the Town Manager, but does not require the Town Attorney's time, resulting in more Town Attorney time for activity currently being contracted out.
- Strategic Priority Impacts
 - Reimagines the Town's transportation demand management functions to deliver services more cost effectively, such as through contracting services, saving approximately \$200,000. This will potentially result in lower levels of service and a reduction in the Town's relationships with funding partners like VTA and MTC, which may impact the Town's ability to secure grant funding for significant transportation projects.
 - Further reduces the number of part-time emergency coordinator hours, saving approximately an additional \$18,000. This would result in fewer hours for the Emergency Manager to spend on expanding the program and strategic action items but would still allow limited part-time hours should an urgent or pressing need arise.
 - Eliminates approximately \$75,000 in funding, including vehicle costs, for volunteer programs such as the Volunteer in Policing Program, Police Explorer Program, Disaster Assistance Response Team (DART), Community Emergency Response Team (CERT), and the Community Police Academy. This has the potential to weaken emergency response readiness; however, some of this could be supplemented by leadership within the volunteer emergency-related volunteer groups. The reduction in Police volunteer programs would lower community participation in crime prevention and safety programs and reduce youth engagement with law enforcement.
 - Tier 3 includes the removal of the remaining funding for the Town's unhoused initiatives, approximately \$34,000. This would remove funding for the Hotel Program and the food pantry and shower programs.
 - Tier 3 contemplates reenvisioning contracts for the visitor center and destination marketing services to reduce costs and focus on the most beneficial deliverables for the businesses and community.
- Other Part-Time Hour Impacts
 - Beyond what has already been mentioned, this tier involves other part-time hour reductions, saving approximately \$300,000. This would result in

fewer hours across several functions and potentially delayed service delivery. As it pertains to the Library, this reduction will translate to the public as a reduction in program offerings, events, and auxiliary services.

- Reductions in Service
 - Further reduces the addition and replacement of Library books and media, saving approximately \$27,000. Including the reductions in Tier 2, this reflects a 30% total reduction, and the public would likely experience increased wait times for popular materials and would see a decrease in the Library collection size over time.
 - Reduces block pruning and tree management by 50%, saving approximately \$100,000. At the current funding of \$200,000, there is difficulty in keeping up with demand. This reduction would result in fewer trees being pruned and requests for service from the public remaining unmet, which could lead to frustration unless expectations are reset.
 - Tier 3 includes the reimagining of Town's events, saving approximately \$13,000. Most notably, a restructuring of the Town's 4th of July event so that it would not fall on the actual holiday every year, which drastically increases costs. For example, it could occur on a Sunday in July to kick off the Music in the Park concert series, reducing the number of years in which the celebration falls on the actual holiday.
 - Tier 3 contemplates that Leadership Los Gatos would be staggered to occur every other year, effectively resulting in a savings of approximately \$5,000 a year (or \$10,000 every other year).
 - Tier 3 includes further reductions in staff training and memberships that may cause staff to fall behind in the latest concerns and issues in their fields, potentially impacting service to the public over time. In addition, it includes reductions or delays in technology replacements.

Tier 3 results in an additional estimated savings of 1.1M (\$1M annually, \$0.1M one-time).

Tier 4 (Estimated \$2.4+ savings):

Subsequent tiers beyond Tier 3 would have more significant staffing impacts. If Tier 4 is selected, staff will return with more specifics regarding staffing implications after working with the bargaining units.

In addition, Tier 4 would begin to significantly impact core community services. For example, it would include contemplation of reduction of Library operating hours and Town public counter hours. As Tier 4 considers reductions in these core services, reducing Community Grant funding is included as well. Removing the Leadership Los Gatos program is also considered in this tier, saving approximately \$20,000 annually. In addition, it contemplates removing approximately \$130,000 in Police Department and Parks and Public Works overtime hours to support Town

hosted events, the Holiday Parade, and the Halloween road closures, impacting the types of events the Town can support. If this were to occur, funding for the Halloween and Holiday Parade road closures would also be removed, saving approximately \$54,000. Other potential options include reducing the \$50,000 in crossing guard funding, approximately \$50,000 allocated for ALPR cameras, and the number of cable-broadcast Town Council or Planning Commission meetings.

Tier 4 results in an additional estimated savings of \$2.4M annually.

Revenue Options

Cities typically seek revenue sources to fund essential services, often aiming for full-cost recovery. However, fee studies frequently reveal that actual service costs significantly exceed existing fees, making large increases difficult to implement due to public resistance. As a result, cities adopt strategies to soften the impact of these necessary increases. Common approaches include gradually phasing in fee increases over several years or intentionally setting fees below full-cost recovery levels to lessen opposition. While these measures may reduce immediate pushback, they inevitably result in lower overall revenue.

The same outcome occurs when cities hesitate to introduce new revenue programs, such as revenue recovery measures that did not previously exist. Though these gradual, partial, or new approaches initially appear politically manageable and mitigate short-term resistance, they can inadvertently shift fiscal pressures to future budgets.

Over time, the increased costs of providing programs and services plus the cumulative impact of consistently under-recovering costs or delaying necessary revenue increases creates structural deficits. These deficits progressively intensify fiscal pressures, eventually requiring more drastic actions in future budgets when available resources become insufficient to sustain existing services and operations.

Los Gatos faces similar challenges as other cities regarding revenue generation and cost recovery. Given the projected deficits and the need for potential expenditure reductions, exploring options to increase revenue becomes critical for balancing the Town's ability to provide essential services. Revenue-generating options differ significantly based on implementation timelines. For instance, economic development initiatives designed to attract visitors and increase hotel occupancy could require upfront investment and years to yield substantial returns. In contrast, updating a fee schedule or renegotiating agreements may offer quicker financial benefits but face greater immediate opposition.

To facilitate consideration and decision-making, the following table categorizes revenue-generating options into short-term (one year) and medium-term (two or more years) horizons, highlighting their potential revenue impact. This categorization clearly illustrates how each measure could help address the financial deficit, emphasizing the importance of balancing

immediate affordability concerns against the imperative of long-term financial sustainability. Some of the short-term revenue measures are already factored into the proposed 2025-26 budget such as the recent police services agreement with Monte Sereno—while others illustrate potential avenues like revenue audits, subsidy reductions, and the introduction of entirely new revenue streams.

	Short-term	Medium-term	Grand Total ^[1]
Revenue Audit	\$ 150,000		\$ 150,000
Business License Compliance Audit	\$ 60,000		\$ 60,000
Business License Delinquency Services	\$ 50,000		\$ 50,000
Hotel Transient Occupancy Tax Audit	\$ 20,000		\$ 20,000
Property Tax Recovery Services	\$ 20,000		\$ 20,000
Reduce Subsidy	\$ 581,313	\$ 225,000	\$ 806,313
Adjusted Fee – Field Use Team 1	\$ 59,973		\$ 59,973
Adjusted Fee – Field Use Team 2	\$ 13,145		\$ 13,145
Adjusted Fee – Field Use Team 3	\$ 1,890		\$ 1,890
Application fee increase	\$ 50,000		\$ 50,000
Enhanced Cost Recovery for DUI & Special Enforcement Operations		\$ 75,000	\$ 75,000
Increase Fees for Services and Facility Rentals	\$ 100,000		\$ 100,000
Increased and Added Event Fees	\$ 4,500		\$ 4,500
New fee – Library meeting room rental	\$ 12,000		\$ 12,000
Residential Alarm Registration & False Alarm Fee Implementation		\$ 150,000	\$ 150,000
Subsidized rent for Vendor 1			
Subsidized rent for Vendor 2	\$ 50,000		\$ 50,000
Updated Law Enforcement Services Contract for Monte Sereno	\$ 289,805		\$ 289,805
New Revenue	\$ 859,000	\$ 3,084,874	\$ 3,943,874
Charge for License Agreements	\$ 5,000		\$ 5,000
Charge for Parklets		\$ 100,000	\$ 100,000
Contract Adjustment – Charging Stations Vendor 1	\$ 28,000		\$ 28,000
Contract Adjustment – Charging Stations Vendor 2	\$ 22,000		\$ 22,000
Contract HR Services for other entity	\$ 14,000		\$ 14,000
Encroachment Fee from Garbage Haulers	\$ 688,000		\$ 688,000
New Fee – Downtown Paid Parking (Option 3B)		\$ 1,984,874	\$ 1,984,874
New Fee – Oak Meadow Park Parking	\$ 90,000		\$ 90,000
Reduce Current Lessee Leased Premises and Rent to Another Entity	\$ 12,000		\$ 12,000
Sales Tax or Parcel Tax		\$ 1,000,000	\$ 1,000,000
Grand Total	\$ 1,590,313	\$ 3,309,874	\$ 4,900,187

^[1] Note: Savings are estimates and the list is intended to provide examples for consideration. Some options are already included in the preliminary draft budget.

As the Town Council discusses what direction to provide staff, additional revenue is a bucket that can reduce the structural components of the deficit.

ALTERNATIVES:

Not Applicable. Agenda item is a discussion to provide directions to staff.

COORDINATION:

Deficit Reduction and revenue items were coordinated with all department heads, Town Manager, and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

This action does not constitute a project as defined under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378(b), which states that a project does not include continuing administrative or maintenance activities, general policy and procedure making, or other governmental fiscal activities which do not involve a commitment to any specific project. The recommended action involves only discussion, informational updates, administrative direction, or preliminary policy review, without committing the City to a specific activity or physical change to the environment.

Attachments:

1. Five-Year Financial Revenue Assumptions
2. Five-Year Financial Expenditure Assumptions