

DRAFT RESOLUTION 2026-

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPROVING THE FISCAL YEAR (FY) 2026-27 OPERATING BUDGET AND FY 2026-27
2030-31 CAPITAL BUDGET; NEW APPROPRIATIONS; OTHER ADJUSTMENTS;
MINOR CORRECTIONS; AND CARRY-FORWARD APPROPRIATIONS**

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

WHEREAS, the Town Manager submitted to the Town Council and Finance Commission a Proposed Operating Budget for FY 2026-27 on April 20, 2026; and

WHEREAS, the Town Manager submitted to the Town Council and Finance Commission a Proposed Five-Year Capital Improvement Program for FY 2026-27 – 2030-31 on April 20, 2026; and

WHEREAS, the Town Council conducted a noticed public hearing on the Proposed Operating Budget and Capital Improvement Program on May 19, 2026; and

WHEREAS, per Measure A, the Town Council has considered and reviewed the Finance Commission’s written recommendations to the Town Council on the said proposed Budget and Capital Improvement Program during the public hearing on May 19, 2026; and

WHEREAS, per Measures G and A, the Town Council has considered and reviewed the Finance Commission written recommendations to the Town Council regarding the potential allocation of Measure G proceeds during its public hearing on May 19, 2026; and

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

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

WHEREAS, the Town Council has determined that the Long-Term Community Benefit Fund should be established in the General Fund Appropriated Reserve Fund 413, and

WHEREAS, the Town Council has directed that \$3,000,000 should be transferred from the Unassigned Fund Balance to the Long-Term Community Benefit Fund increasing Capital Project Fund revenues by \$3,000,000, and

WHEREAS, the Town Council directed that the \$3,000,000 should be Committed Fund Balance for the Long-Term Community Benefit Capital Projects, and

WHEREAS, the Town Council directed estimated FY 2026-27 Internal Service Fund revenues decreased by \$1,501,257 to capture the decreased General Fund Vehicle and Equipment Replacement charges in the same amount, and

WHEREAS, the Town Council directed estimated FY 2026-27 Internal service revenues increase by \$811,334 and the General Fund Transfer to Facility Maintenance Internal Service Fund should be increased by the same amount to support the Facilities Program long-term needs, and

WHEREAS, the Town Council directed estimated FY 2026-27 General Fund expenditures increase by \$134,368 to capture additional contractual increases for Parks and Public Works various maintenance agreements, and

WHEREAS, the Town Council directed estimated FY 2026-27 Internal Service Fund expenditures increased by \$335,083 for providing funding for Special Facility Projects, and

WHEREAS, the Town Council directed estimated FY 2026-27 Unassigned Fund Balance used to balance the FY 2026-27 budget decreased from \$549,322 to \$6,503 surplus based on the aforementioned revenue and expenditures changes, and

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

WHEREAS, it is anticipated that approximately \$100,000 funding will be spent for Emergency Management during FY 2024-25 and the rest of the budget (\$963,587) was transferred to FY 2025-26, and

WHEREAS, it is anticipated that approximately \$50,000 funding will spent for Emergency Management during FY 2025-26, and

WHEREAS, the estimated available expenditure budget balance will carry forward to FY 2026-27 Emergency Management Program budget, and

WHEREAS, the estimated **\$18,784,696** previously allocated funding within the Capital Program expenditure budget will carry forward to the FY 2026–27 Capital Program Budget, with the final carry-forward amount to be confirmed upon the close of the Fiscal Year; and

WHEREAS, the Capital Program defines the list of projects, cost estimates, funding sources, and estimated timelines for project delivery as required pursuant to the Mitigation Fee Act (specifically Government Code Section 66002); and

WHEREAS, an estimated \$192,000 in expenditure budget and an estimated \$142,000 in revenue budget remain available in the VTA–Measure B Education and Encouragement Capital Grant Program and are proposed to be transferred from the Capital Program to the General Fund Parks and Public Grant Program to properly align the grant funding with its intended use, with final amounts to be confirmed at Fiscal Year close; and

WHEREAS, on June 2, 2026, Town Council considered and reviewed the proposed Budget and Capital Improvement Program and made final determinations.

NOW, THEREFORE, BE IT RESOLVED: that the Town Council hereby adopts as the Operating Budget for the Town of Los Gatos for the 2026-27 fiscal year as depicted in Exhibit A entitled “Total Town Revenues and Expenditures by Fund” including the first year (FY 2026-27) of the Town’s Capital Improvement Program budget as contained in the Town’s FY 2026-27 – 2030-31 Capital Improvement Program and the Town’s Capital Improvement Plan.

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

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 2nd day of June, 2026 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

ATTEST:

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

TOTAL TOWN REVENUES AND EXPENDITURES BY FUND

	FY 2026-27 Proposed Budget	Estimated Budget Revision	FY 2026-27 Recommended Budget
REVENUES			
General Fund	\$ 64,815,086	\$ -	\$ 64,815,086
Special Revenue Funds	554,802	-	554,802
Internal Service Funds	8,952,358	(690,193) (1)	8,262,165
Capital Project Funds (does not include carryforwards)*	3,460,439	3,000,000 (2)	6,460,439
Successor Agency Funds	3,923,926	-	3,923,926
TOTAL REVENUES	\$ 81,706,611	\$ 2,309,807	\$ 84,016,418
OTHER FUNDING SOURCES			
Designated One-Time Use of General Fund Unassigned Fund Balance	549,322	\$ 3,000,000	3,000,000
EXPENDITURES AND TRANSFERS OUT			
General Fund	\$ 64,974,408	\$ 2,444,175 (3)	\$ 67,418,583
Special Revenue Funds	475,541	-	475,541
Internal Service Funds	6,272,388	335,083 (4)	6,607,471
Capital Project Funds (does not include carryforwards)	6,454,919	-	6,454,919
Successor Agency Funds	3,938,045	-	3,938,045
TOTAL TOWN EXPENDITURE & OTHER FUNDING USES	\$ 82,115,301	\$ 2,779,258	\$ 84,894,559
OTHER FUNDING USES			
Designated One-Time Use of General Fund Reserves	390,000		390,000
TOTAL TOWN EXPENDITURES & OTHER FUNDING SOURCES	\$ 82,505,301	\$ 2,779,258	\$ 85,284,559
GENERAL FUND SOURCE(USE) OF FUND BALANCES	\$ -		\$ 6,503
OTHER FUNDS SOURCE(USE) OF FUND BALANCES	(249,368)	(5)	1,725,356
TOTAL SOURCE(USE) OF FUND BALANCES	\$(82,115,301)	\$ (2,779,258)	\$(84,894,559)

(1) Decreased Internal Service Fund Revenues (690,193)

(\$1,501,527)- Decrease - General Fund Departmental Vehicle and Equipment Replacement Charges

\$811,334 - Increase - Transfer to Facilities Maintenance Fund for Special Facility Project \$690,193-Decreased Internal

(2) Designated One-Time Use of the General Fund Unassigned Fund Balance Reserves for Long-Term Community Benefit

\$3,000,000 - Transfer from General Fund Unassigned Fund Balance to Assigned Long-Term Community Benefit Reserve

(3) General Fund Expenditures

\$3,000,000 - Increase - Transfer from General Fund Unassigned Fund Balance to Assigned Long-Term Community Benefit Reserve

(\$1,501,527) - Decrease - General Fund Departmental Vehicle and Equipment Replacement Charges

\$811,334 - Increase - Transfer to Facilities Maintenance Fund for Special Facility Projects

(4) Internal Service Fund Expenditures

\$335,083 - Increase - Special Facility Projects

(5) 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.