

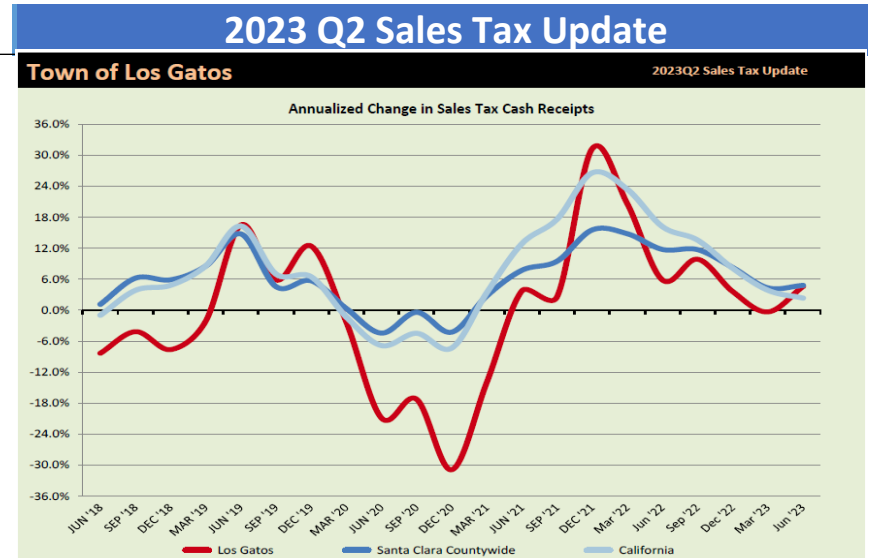
## General Fund Revenues

	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Adopted Budget	FY 2023/24 Q1 Estimated
Property Tax	\$ 15,826,162	\$ 16,899,618	\$ 18,187,388	\$ 16,969,226	\$ 150,291
VLF Backfill	4,052,672	4,229,462	4,555,700	4,556,000	-
Sales & Use Tax	6,794,218	7,177,597	7,507,068	7,559,556	1,664,474
Measure G District Tax	1,139,386	1,306,076	1,299,409	1,277,690	297,885
Franchise Fees	2,499,463	2,822,515	3,074,624	2,716,470	436,004
Transient Occupancy Tax	1,044,820	1,895,064	2,228,190	2,000,000	648,249
Other Taxes	1,386,943	1,481,667	2,361,862	2,444,000	43,174
Licenses & Permits	2,999,711	4,839,489	3,268,498	2,852,574	1,105,520
Intergovernmental	1,573,697	1,263,352	1,553,397	1,273,910	217,273
Town Services	4,835,962	5,435,769	4,646,675	4,837,189	2,319,355
Fines & Forfeitures	103,467	319,170	416,951	226,750	90,419
Interest	96,061	-1,404,527	605,789	432,947	1,502,114
Other Sources	4,125,566	7,549,617	8,205,636	5,805,959	242,524
<b>Total Revenues</b>	<b>\$ 46,478,128</b>	<b>\$ 53,814,869</b>	<b>\$ 57,911,187</b>	<b>\$ 52,952,271</b>	<b>\$ 8,717,282</b>
Transfers In:	1,833,218	633,352	538,536	538,536	114,499
<b>Total Revenues &amp; Transfers In</b>	<b>\$48,311,346</b>	<b>\$54,448,221</b>	<b>\$58,449,723</b>	<b>\$53,490,807</b>	<b>\$8,831,781</b>

## Economically Sensitive Revenues

SALES TAX*	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Estimated
1Q	\$1,726,453	\$1,877,426	\$1,664,474
2Q	\$1,758,763	\$1,999,376	
3Q	\$1,758,763	\$1,646,031	
4Q	\$1,883,504	\$1,929,117	
<b>Total</b>	<b>\$7,127,483</b>	<b>\$7,451,950</b>	<b>\$1,664,474</b>

\*Amount Shows Net of Administration Fees



MEASURE G TAX*	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Estimated
1Q	\$ 316,317	\$ 314,614	\$ 297,885
2Q	324,525	335,398	
3Q	295,671	295,723	
4Q	204,736	312,393	
<b>Total</b>	<b>\$ 1,141,249</b>	<b>\$ 1,258,128</b>	<b>\$ 297,885</b>

\*Amount Shows Net of Administration Fees

TOT	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Estimated
1Q	\$ 513,536	\$ 664,278	\$ 648,249
2Q	428,880	513,587	
3Q	320,077	468,297	
4Q	632,571	582,027	
<b>Total</b>	<b>\$ 1,895,064</b>	<b>\$ 2,228,189</b>	<b>\$ 648,249</b>

## Department General Fund Expenditures

Expenditures	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Adopted Budget	FY 2023/24 Q1 Estimated
Police Department	16,570,836	16,541,189	18,446,040	19,685,258	4,245,533
Parks & Public Works	8,179,757	8,605,455	8,998,083	10,028,853	1,883,739
Non-Departmental	8,432,090	7,274,722	8,666,252	5,552,023	656,329
Community Development	5,009,798	6,315,505	5,365,410	5,390,624	1,047,131
Admin Services	4,730,360	5,441,605	5,302,277	6,061,730	1,351,601
Library Services	2,828,873	2,752,401	3,096,485	3,175,170	742,922
Town Council	192,280	189,569	186,337	184,395	42,162
Town Attorney	537,296	629,935	699,413	771,611	116,387
<b>Total Revenues &amp; Transfers In</b>	<b>\$46,481,290</b>	<b>\$47,750,381</b>	<b>\$50,760,297</b>	<b>\$50,849,664</b>	<b>\$10,085,804</b>

## General Fund Salary and Benefits

Expenditures (millions)	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Adopted Budget	FY 2023/24 Q1 Estimated
Salary	\$ 20.2	\$ 19.8	\$ 21.8	\$ 23.2	\$ 4.7
CalPERS Benefits	6.4	6.4	7.1	8.2	1.8
All Other Benefits	3.7	3.7	3.8	4.7	1.0
OPEB Pay as You Go	1.3	1.4	1.5	1.6	0.5
<b>Total Salaries and Benefits</b>	<b>\$31.6</b>	<b>\$31.3</b>	<b>\$34.2</b>	<b>\$37.7</b>	<b>\$8.0</b>

Expenditures (millions)	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Actual
Salary	\$ 14.5	\$ 14.8	\$ 16.0	\$ 17.9	\$ 19.3
CalPERS Benefits	3.6	3.9	4.3	5.3	6.1
All Other Benefits	3.2	3.2	3.3	3.6	3.6
OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2
<b>Total Salaries and Benefits</b>	<b>\$22.2</b>	<b>\$22.9</b>	<b>\$24.7</b>	<b>\$28.0</b>	<b>\$30.2</b>

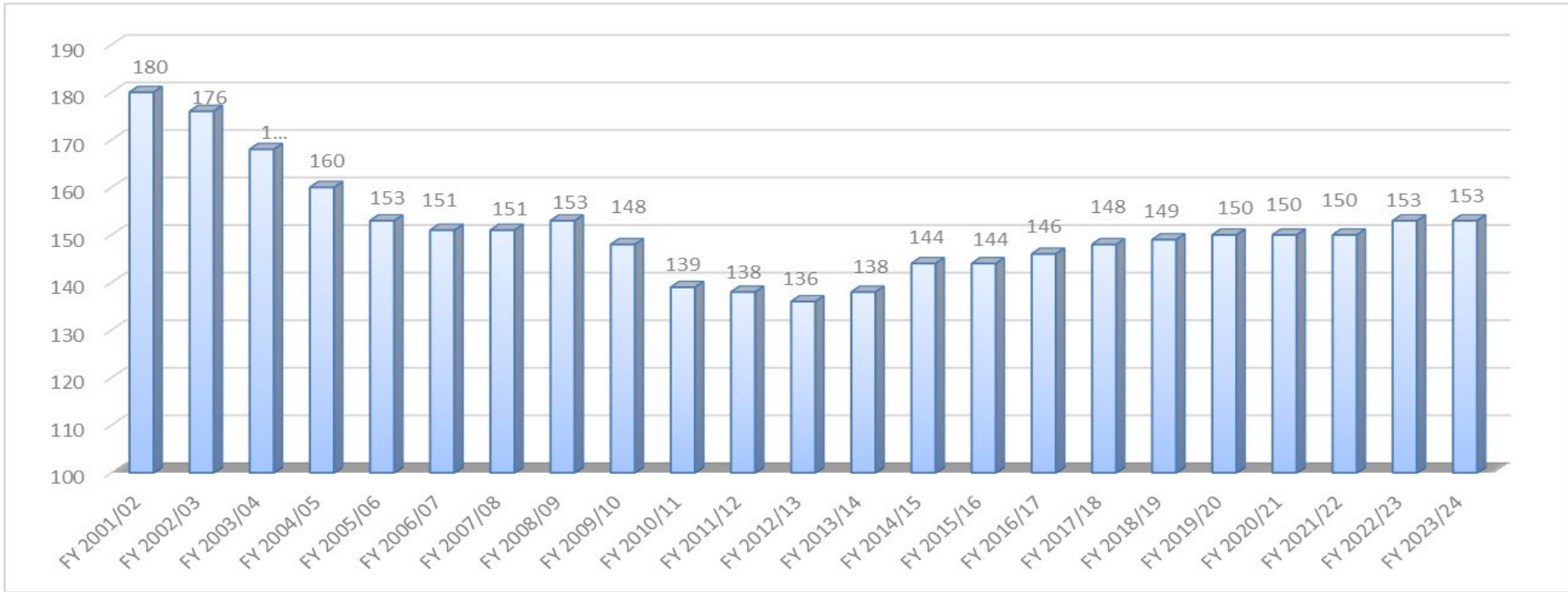
## Organizational Staffing

	FY 2020/21 Funded Positions	FY 2021/22 Filled as of 6/30/22	FY 2022/23 Funded Positions	FY 2022/23 Filled as of 6/30/23	FY 2023/24 Adopted Budget
Town Attorney	2	2	2	2	2
Town Manger	5.25	4.25	5.25	5.25	5.25
Human Resources	3	3	3	3	3
Finance	7	7	7	6	7
Clerk	3	3	3	3	3
Information Technology	3	2	3	3	3
Community Development	19.75	19.75	20	19	20
Police Department	60	50	60	53	60
Parks & Public Works	34.75	31.75	36.75	35.75	35.75
Library	12.5	11.5	13.5	13.5	13.5
<b>Total Benefited Positions</b>	<b>150.25</b>	<b>134.25</b>	<b>153.5</b>	<b>143.5</b>	<b>152.5</b>
All Dept Temporary Staff Converted to Hourly	11.09		11.46		10.33
<b>Total Positions</b>	<b>161.34</b>	<b>134.25</b>	<b>164.96</b>	<b>143.5</b>	<b>162.83</b>

Vacancies Tracking

Department	Position		Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Clerk	Deputy Clerk	Separation	Vacant				Filled							
Admin Services	Emergency Manager - Temp	Separation	Filled	Vacant										Filled
Admin Services	Finance Manager	Promotion	Vacant						Filled					
Admin Services	Assitant Town Manager	Separation	Filled				Vacant			Filled				
Admin Services	Accountant	Separation	Filled						Vacant			Filled		
Admin Services	HR Analyst	Separation	Filled						Vacant	Filled				
Community Development	Associate Planner	Separation	Filled							Vacant				
Community Development	Permit Technician	Retirement	Vacant	Filled									Filled	
Police	Police Dispatcher	Separation	Filled	Vacant										Filled
Police	Police Dispatcher	Separation	Vacant				Filled							
Police	Police Dispatcher	Separation	Filled	Vacant										
Police	Police Dispatcher	Separation	Vacant							Filled		Vacant		Filled
Police	Police Officer	Separation	Vacant	Filled										
Police	Police Officer	Separation	Vacant				Filled							
Police	Police Officer	Retirement	Vacant				Filled							
Police	Police Officer	Retirement	Vacant				Filled							
Police	Police Officer	Separation	Filled	Vacant										Filled
Police	Police Officer	Separation	Filled					Vacant	Filled					
Police	Police Officer	Promotion	Filled						Vacant					
Police	Police Officer	Separation	Filled						Vacant					
Police	Police Officer	Separation	Filled							Vacant				
Police	Police Officer	Separation	Vacant											Filled
Police	Administrative Analyst	Separation	Vacant											
Police	Police Record Specialist	Promotion	Vacant	Filled										
Police	Police Record Specialist	Separation	Filled	Vacant	Filled									
Parks & Public Works	Parks and Maintenance Worker	Separation	Filled											Vacant
Parks & Public Works	Senior Civil Engineer	Separation	Vacant	Filled										
Parks & Public Works	Transp and Mob Manager	Separation	Vacant											Filled - Permanent
Parks & Public Works	Town Engineer	Separation	Filled											Vacant
Parks & Public Works	Associate Civil Engineer	Separation	Filled											Vacant

# Organizational Staffing



## Potential Headwinds

### Updated Sales Tax Forecast

The sales tax estimates used in the Five-Year Forecast for the Adopted FY 2023/24 Budget were prepared by Avenu Insights & Analytics, the Town’s sales tax consultant. The sales tax forecast at that time was based on 2022Q4 data (Exhibit A).

Avenu Insights & Analytics has updated its forecast based on 2023Q1 and 2023Q2 data (Exhibit B). The current forecast is lower for all forecast years.

Overall growth rates vary due to the anticipation of when and to what extent inflation may begin to decline. The current forecast incorporates a Recession Inflation Scenario, with the Consumer Price Index for all Urban Customers hitting a target of 2.2% at the end of 2024. Taxable sales for general retail and transportation are expected to see the greatest impacts. Increased interest rates impact business to business activities, while increased mortgage rates leaves customers with less disposable income. In addition, gas service stations are projecting decreased activity due to the popularity of electric vehicles. The most recent forecast also reflects the change of Netflix discontinuing DVD rentals in September 2023.

The following tables illustrate the difference between the most recent forecast (most likely and optimistic scenarios) to the forecast contained in the Adopted Budget.

5 Year Forecast Sales Tax	2023/24 Budget (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
FY 2023/24 Adopted Budget	\$9.2	\$9.4	\$9.8	\$10.1	\$10.4	\$10.7
Based on 2023Q2 Most Likely Scenario	\$8.5	\$8.6	\$8.8	\$8.9	\$9.1	\$9.2
Difference	(\$0.7)	(\$0.8)	(\$1.0)	(\$1.2)	(\$1.3)	(\$1.5)

5 Year Forecast Sales Tax	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)	2028/29 Forecast (\$M)
FY 2023/24 Adopted Budget	\$9.2	\$9.4	\$9.8	\$10.1	\$10.4	\$10.7
Based on 2023Q2 Optimistic Scenario	\$9.1	\$9.2	\$9.4	\$9.5	\$9.7	\$9.8
Difference	(\$0.1)	(\$0.2)	(\$0.4)	(\$0.5)	(\$0.7)	(\$0.8)



## Potential Headwinds

### ERAF Update

Santa Clara County provided an update on the Excess Education Revenue Augmentation Fund (ERAF) at its September property tax meeting. The Third District Court of Appeal has affirmed the Trial Court decision in the California School Boards Association (CSBA) case, ruling that CSBA did not establish that charter schools are entitled to ERAF. In August 2023, the State Controller’s Office (SCO) issued a negative audit finding to Marin County regarding inclusion of the redevelopment dissolution revenue in the Excess ERAF calculation, asserting that this violated Health & Safety Code section 34188(d). Excess ERAF counties do not agree with this finding and are currently working to find a resolution.

While the resolution of the CSBA case is favorable, the Controller-Treasurer Office of County of Santa Clara County recommends establishing reserve funds for the at-risk amounts because of the SCO Marin County’s audit finding. The County previously conveyed the annual at-risk percentage of 30% and with the recent positive result in the CSBA case, the annual at-risk percentage is now at about 22% of the distribution both on an ongoing basis and going back to the distribution in Fiscal Year 2020/21. The County also informed the municipalities that the State Controller Office still has not provided its calculation methodology, and this percentage could change. The County also provided the updated projection for FY 2023/24 Excess ERAF distribution (\$2,500,000) based on the latest State-released information. The amounts provided are before any provision to account for the State Controller’s audit finding or other annual adjustments in the calculation. The County will provide an updated estimated for the FY 2023/24 excess ERAF distribution and estimates for FY 2024/25 excess ERAF distribution in March 2024.

The following table illustrates the potential at-risk amount from FY 2020/21.

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
<b>Actual Excess ERAF Distributed</b>	\$ 2,043,321	\$ 2,371,984	\$ 2,298,692	
<b>Estimated Excess ERAF (11/3/2023)</b>				\$ 2,500,000
<b>30% At Risk</b>	\$ 612,996	\$ 711,595	\$ 689,607	\$ 750,000
<b>22% At Risk</b>	\$ 449,531	\$ 521,836	\$ 505,712	\$ 550,000
<b>Town ERAF Risk Reserve - 30%</b>			\$ 689,607	\$ 750,000

With the adoption of the FY 2023/24 budget, Council directed a 30% ERAF Risk Reserve. The ERAF Risk Reserve is estimated at \$1,439,607 and the at-risk amount from FY 2020/21 is estimated at \$2,027,079.

# Los Gatos

## Bradley Burns 1% Sales & Use Tax Forecast Comparison Summary

As of 08/16/2023

A Revenue forecast was provided on 03/13/23 based on 2022Q4 Sales Tax data.

A Revenue forecast was provided on 06/28/23 based on 2023Q1 Sales Tax data.

This analysis compares those forecasts.

### COMPARISON:

	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Previous Forecast	7,125,000	7,684,000	7,876,000	8,128,000	8,410,000	8,685,000	8,950,000	9,207,000
Current Forecast	7,125,000	7,396,000	7,379,000	7,609,000	7,829,000	8,034,000	8,223,000	8,397,000
Change	0	(288,000)	(497,000)	(519,000)	(581,000)	(651,000)	(727,000)	(810,000)
% Change	0.0%	-3.7%	-6.3%	-6.4%	-6.9%	-7.5%	-8.1%	-8.8%

### % COMPARISON:

	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29
Previous Forecast	5.9%	7.8%	2.5%	3.2%	3.5%	3.3%	3.1%	2.9%
Current Forecast	5.9%	3.8%	-0.2%	3.1%	2.9%	2.6%	2.4%	2.1%
% Change	0.0%	-4.0%	-2.7%	-0.1%	-0.6%	-0.7%	-0.7%	-0.8%

The current forecast is lower in all forecast years. Overall Growth Rates vary, due to the anticipation when and to what extent inflation will begin to decline.

The current forecast incorporates a Recession Inflation Scenario, with the CPI-U hitting a target of 2.2% at the end of 2024.

Category	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25	
<b>General Retail</b>		(65,000)	(195,000)	(227,500)	Category declined by -12.4% QTR over QTR in 2023Q1, grew by 6.2% in 2022Q4. Miscellaneous Retail, (38% of this category), declined by -11.5% QTR over QTR in 2023Q1 Furniture / Appliance, (23% of this category), declined by -12.8% QTR over QTR in 2023Q1 Drug Stores, (12% of this category), declined by -11.6% QTR over QTR in 2023Q1
<b>Transportation</b>		(70,000)	(210,000)	(245,000)	Category declined by -15.9% QTR over QTR in 2023Q1, grew by +7.6% in 2022Q4. Prices for gasoline have plummeted from \$6.20 in June 2022 to \$4.27 in January 2023. Auto Sales declined by -19.0% QTR over QTR in 2023Q1, grew by +10.7% in 2022Q4.
<b>All</b>		(153,000)	(92,000)	(46,500)	Various other factors, including using a Recession Inflation Scenario with 2.2% target
	<b>\$ -</b>	<b>\$ (288,000)</b>	<b>\$ (497,000)</b>	<b>\$ (519,000)</b>	<b>Total Forecast Change</b>

EXHIBIT A

# Los Gatos

## Bradley Burns 1% Sales & Use Tax Forecast Comparison Summary As of 10/16/2023

A Revenue forecast was provided on 06/28/23 based on 2023Q1 Sales Tax data.

A Revenue forecast was provided on 10/13/23 based on 2023Q2 Sales Tax data.

This analysis compares those forecasts.

### COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	7,396,000	7,379,000	7,609,000	7,829,000	8,034,000	8,223,000	8,397,000	
Current Forecast	7,452,000	7,284,000	7,364,000	7,490,000	7,605,000	7,709,000	7,802,000	7,884,000
Change	56,000	(95,000)	(245,000)	(339,000)	(429,000)	(514,000)	(595,000)	
% Change	0.8%	-1.3%	-3.2%	-4.3%	-5.3%	-6.3%	-7.1%	

### % COMPARISON:

	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	FY 26 - 27	FY 27 - 28	FY 28 - 29	FY 29 - 30
Previous Forecast	3.8%	-0.2%	3.1%	2.9%	2.6%	2.4%	2.1%	
Current Forecast	4.6%	-2.3%	1.1%	1.7%	1.5%	1.4%	1.2%	1.1%
% Change	0.8%	-2.0%	-2.0%	-1.2%	-1.1%	-1.0%	-0.9%	

The current forecast is lower in all forecast years. Overall Growth Rates vary, due to the anticipation when and to what extent inflation will begin to decline.

The current forecast incorporates a Recession Inflation Scenario, with the CPI-U hitting a target of 2.2% at the end of 2024.

Category	FY 22 - 23	FY 23 - 24	FY 24 - 25	FY 25 - 26	
<b>General Retail</b>	70,000				Category grew by +9.4% QTR over QTR in 2023Q2, declined by -11.3% in 2023Q1, better than expected. Apple Stores, (23.9% of General Retail), grew by +132.4% QTR over QTR in 2023Q2, by +31.7% in 2023Q1.
<b>Transportation</b>	(30,000)	(75,000)	(100,000)	(160,000)	Category declined by -15.6% QTR over QTR in 2023Q2, -14.8% in 2023Q1. Zero Emission Vehicles (ZEVs) comprised 24.3% of the sales of new light vehicles in CA for the first six months of 2023. Forecast includes a -40% reduction of Service Station Sales Tax Revenues by 2030, -75% reduction by 2035 and a -90% reduction by 2040.
<b>All</b>	16,000	(20,000)	(145,000)	(179,000)	Various other factors
	<b>\$ 56,000</b>	<b>\$ (95,000)</b>	<b>\$ (245,000)</b>	<b>\$ (339,000)</b>	<b>Total Forecast Change</b>