



**TOWN OF LOS GATOS**  
**FINANCE COMMISSION REPORT**

MEETING DATE: 05/10/2021

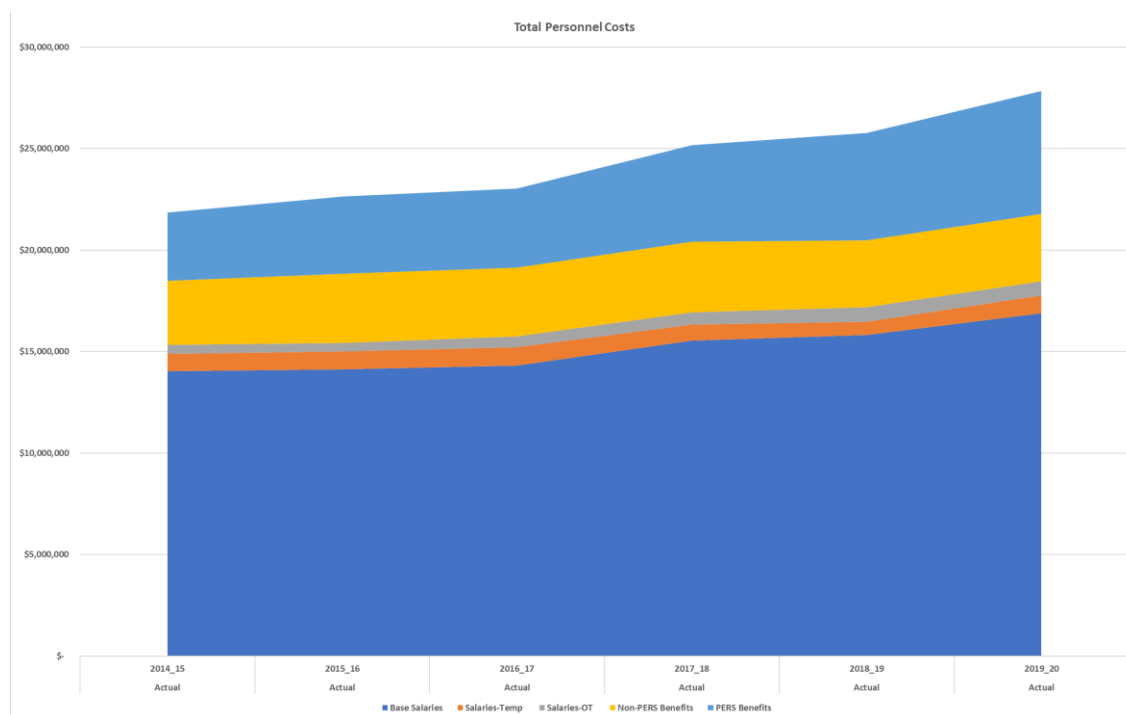
ITEM NO: 2

DESK ITEM

DATE: May 10, 2021  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Answers to Some of the Commissioner Questions and Comments Regarding the Proposed Operating and Capital Budgets

**REMARKS**

The following exhibit was provided by Council Member Hudes. The exhibit is based on numbers previously presented by staff and illustrates the growth starting from FY 2014/15 of base salaries, temporary salaries, overtime salaries, non-PERS benefits, and PERS benefits. Based on the exhibit, base salaries increased 20.3% over the 5-year period or 4.06% per year and PERS benefits increased 80.2% over the same period or 16.04% per year.



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

Vice Mayor Rennie asked to review the current assumption for North 40 building permits issued versus staff assumptions for additional property tax. Following is the current assumption for FY 2021/22 and FY 2022/23 which utilized an assumption of 270 market rate units, equally distributed between the years, and assuming an average of a \$1.0 million per unit.

	<b>FY 2021/22</b>	<b>FY 2022/23</b>
Unit Sold	135	135
Unit Value	\$1,000,000	\$1,000,000
Total Estimated Assessed Value	\$135,000,000	\$135,000,000
Additional Property Tax	\$345,303	\$345,303
Total Additional Property Tax	\$345,303	\$690,606

Utilizing information from the developer's website, an alternative property tax assumption is presented below. This analysis assumes 253 units with a 106 market rate building permits pulled to date. In addition, the distribution of units is spread across three different housing types and uses an average square footage and price per square foot per housing type.

	<b>FY 2021/22</b>	<b>FY 2022/23</b>
253 Market Rate Units	106	147
80 Condominiums (32% @ \$800/sq ft))	\$41,289,600	\$58,806,400
97 Row Homes (38% @ \$900/sq ft))	\$64,242,900	\$87,746,400
76 Homes (30% @ \$1000/sq ft))	\$46,528,000	\$63,976,000
Total Estimated Assessed Value	\$152,060,500	\$210,528,800
Additional Property Tax	\$388,940	\$538,491
Total Additional Property Tax	\$388,940	\$927,431

Attachment (previously distributed with the Addendum):

1. Public Comments