

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Gabrielle Whelan](#); [Mary Badame](#)
Subject: [Re: August Finance Commission](#)
Date: Thursday, July 4, 2024 11:59:50 AM
Attachments: [inky-injection-inliner-6f42d488d348cfd86b9f9497ca9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b7bbda7129634c80da.png](#)

[EXTERNAL SENDER]

Hello Gita,

If we could target the FC meeting for August 5 from noon - 3 pm that would be best. I know that this is a departure from our traditional schedule, but I think it might accommodate some member's schedule.

In addition to the agenda items I mentioned, could we also add an item for the Finance Commission to review my June 29 email as Chair to the Town Council regarding the sales tax measure since they did not have an opportunity to do so. I would specifically request Staff to provide the supporting back up material which substantiates the claim the Town's revenues have not kept pace with expenditures over the years since I specifically called this out in my correspondence. We need to understand the basis for this claim.

Thank you for your assistance.

Phil Koen

On Jul 2, 2024, at 9:23 AM, Gitta Ungvari <GUNgvari@losgatosca.gov> wrote:



Good morning Chair,

Our regular Finance Commission meeting is set for the second Monday of the month. The schedule approved previously for the Finance Commission did not include any meeting for the month of August. I will check the Commissioners' availability for a Special Finance Commission meeting on August 5th.

I will let you know as soon as I hear back from them.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Tuesday, July 2, 2024 8:48 AM
To: Gitta Ungvari <GUNgvari@losgatosca.gov>
Cc: [Laurel Prevetti <LPrevetti@losgatosca.gov>](mailto:Laurel.Prevetti@losgatosca.gov); [Nicolle Burnham <NBurnham@losgatosca.gov>](mailto:Nicolle.Burnham@losgatosca.gov); [Linda Reiners <LReiners@losgatosca.gov>](mailto:Linda.Reiners@losgatosca.gov); [Mary Badame <MBadame@losgatosca.gov>](mailto:Mary.Badame@losgatosca.gov); [Gabrielle Whelan <GWhelan@losgatosca.gov>](mailto:Gabrielle.Whelan@losgatosca.gov)
Subject: August Finance Commission

[EXTERNAL SENDER]

Hello Gitta,

Now that the FY 2025 budget cycle is behind us, I would like to schedule a Finance Commission meeting for Monday August 5. The agenda will be to approve minutes from prior meetings, and two new agenda items - 1) detail review of the 7 capital projects highlighted in yellow in the attachment and 2) review of the ERP project.

Could you please check availability of the rest of the Commission to see if they can attend on August 5. Both Linda and I are available.

Under a separate email I will provide more direction regarding the information we would like to have presented to the FC for the capital projects.

ATTACHMENT 1

Thank you for your assistance.

Phil Koen
Chair

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Gabrielle Whelan](#); [Linda Reiners](#)
Subject: Supporting documentation
Date: Monday, July 8, 2024 6:09:18 AM
Attachments: [Pages from Pages from MEET-Packet-f28b4d8d27984eb1a497d3481f1fad0b\(2\).pdf](#)

[EXTERNAL SENDER]

Gitta,

As part of the August 5 agenda, I would request staff to present the documentation that supports the statement revenues have not kept pace with costs of providing Town services over the years. While the resolution was not passed, it is important to understand the basis for this statement since it is claimed to be a true statement. For the record, this resolution was never presented to the FC during our discussion of the sales tax measure.

In my letter to the TC, I specifically pointed out the claim was not supported by the audited financial statements. Since monitoring and understanding the Town's financial position is core to the FC's charter, I believe this statement needs to be examined and understood by the FC.

Looking forward to hearing confirmation of our meeting on August 5 and the inclusion of this on the agenda.

Thank you,

Phil Koen

RESOLUTION NO. _____

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA,
SUBMITTING A SUPPLEMENTAL GENERAL TRANSACTIONS AND USE TAX MEASURE
TO THE VOTERS AT THE TUESDAY, NOVEMBER 5, 2024,
GENERAL MUNICIPAL ELECTION**

WHEREAS, Town of Los Gatos residents have indicated that the quality of life in Los Gatos is highly valued; and

WHEREAS, the costs of providing Town services and programs to residents have significantly increased over the years and Town revenues have not kept pace; and

WHEREAS, additional locally controlled funding would allow the Town to maintain and enhance critical public safety services and infrastructure; and

WHEREAS, the Town seeks to maintain and improve public safety services; and

WHEREAS, the Town also seeks to maintain and improve emergency services, including protection against wildfire and storm hazards; and

WHEREAS, the Town also seeks to help fund infrastructure programs improving traffic flow and mobility to relieve congestion;

WHEREAS, Government Code section 53724 and Revenue & Taxation Code section 7285.9 authorize the Town Council to submit to the qualified voters of the Town for their approval a proposed transactions and use tax; and

WHEREAS, locally-enacted funding sources such as a voter-approved transactions and use tax are not subject to seizure by the State or County; and

WHEREAS, the Town Council desires to submit to the qualified voters of the Town a proposed one-eighth of one percent (0.125%) Transactions and Use Tax (the "Tax") to be collected in addition to the existing one-eighth of one percent (0.125%) Transactions and Use Tax currently being collected within the Town; and

WHEREAS, the Tax must be approved by the electorate to be effective; and

WHEREAS, the Town Council also desires to submit to the qualified voters of the Town on the same ballot as the proposed Tax measure a proposed non-binding advisory measure ("the Advisory Measure") asking the voters whether they would prefer the revenues from the Tax measure, should it pass, to be spent on certain identified priorities; and

WHEREAS, by Resolution 2024-029, the Town Council of the Town of Los Gatos called a municipal election to be held on Tuesday, November 5, 2024, ("the Election") and requested the Board of Supervisors of the County of Santa Clara to consolidate the election with the General Statewide election; and

WHEREAS, the consolidated municipal election will be held, regulated, and conducted in accordance with the provisions of the law as provided in Resolution 2024-029.

NOW THEREFORE, BE IT RESOLVED, that the Town Council orders as follows:

Section 1. The Town Council finds and determines that each of the findings set forth above are true and correct.

Section 2. The Town Council hereby submits the proposed ordinance set forth in Exhibit A, attached hereto and incorporated in this Resolution by this reference, to the qualified voters of the Town at the Election, and orders the following question to be submitted to the voters at the Election and appear on the ballot immediately after the Advisory Measure:

<p>"To maintain/enhance Los Gatos essential services, including Police/emergency services, rapid 911 response, wildfire/storm hazard prevention/protection, infrastructure to reduce traffic congestion, and for general government use, shall the measure enacting a 1/8 cent sales tax (0.125%), raising approximately \$1 million annually, ending in 20 years, with mandatory annual audits, independent resident oversight, and all funds controlled locally in Los Gatos, be adopted?"</p>	YES
	NO

The measure requires a majority of the qualified voters voting on the measure to pass.

Section 3. The "full text" of the proposed ordinance shall appear in the Voter Information Pamphlet. The "full text" of the proposed ordinance is attached to this resolution as "Exhibit A."

Section 4. Pursuant to Elections Code section 9280, the Town Council hereby directs the Town Clerk to transmit a copy of the measure to the Town Attorney. The Town Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the Town Clerk on or before 4:00 p.m. on August 12, 2024.

Section 5. Pursuant to Elections Code Section 9286 et. seq., August 12, 2024, at 4:00 p.m. shall be the deadline for submission of arguments in favor of, and arguments against, this measure. Arguments in favor of or against the measure shall not exceed 300 words in length. The Mayor, or her designee(s), is hereby authorized to prepare a written argument in favor of the proposed

measure on behalf of the Town Council. At the Mayor's discretion, the Argument may also be signed by bona fide associations or by individual voters who are eligible to vote in the Town of Los Gatos. Each argument shall be signed, filed with the Town Clerk, and include the printed name(s) and signature(s) of the author(s) submitting the argument. If more than one argument for or against is received, the priorities established by Elections Code section 9287 shall control.

Section 6. Subdivision (a) of section 9285 of the Elections Code shall apply to the Election and shall control the submission of any rebuttal arguments for this measure. If an argument in favor and an argument against the measure have been selected to be printed in the voter information guide, the Clerk shall send a copy of the argument in favor of the measure to the authors of the argument against the measure and a copy of an argument against the measure to the authors of the argument in favor of the measure. The rebuttal authors or persons designated by them may prepare and submit rebuttal arguments not to exceed 250 words in length. Rebuttal arguments must be submitted not later than August 19, 2024, by 4:00 p.m. This Section shall apply only to the election to be held on November 5, 2024, and shall then be repealed.

Section 7. Pursuant to Elections Code section 10002, the Town Council hereby requests the Board of Supervisors of the County of Santa Clara to make available the services of the Registrar of Voters for the purpose of performing the usual services necessary in the conduct of the consolidated general municipal election, including the provisions of election supplies and voters' pamphlets; and that upon approval of such requests, the Registrar of Voters of the County of Santa Clara shall be reimbursed for all costs incurred by said services.

Section 8. Pursuant to the Elections Code commencing with section 10400, the Town Council hereby requests the Board of Supervisors of the County of Santa Clara to order the consolidation of the general municipal election to be conducted within the boundaries of the Town of Los Gatos on November 5, 2024, with respect to which the Board of Supervisors of the County of Santa Clara has the power to order a consolidation. The Town Council further consents to and orders the consolidation of the general municipal election hereby called with the statewide general election and acknowledges that the consolidated election will be held and conducted in the manner prescribed in Elections Code section 10418.

Section 9. The Town Clerk is hereby authorized and directed to publish a notice of the general municipal election within the time and in the manner specified in the Elections Code Section 12112. The Town Clerk is further authorized and directed to do all other things required by law to hold the general municipal election above provided.

Section 10. The Town Clerk is hereby authorized and directed to certify to the adoption of this resolution and to transmit a certified copy to the Board of Supervisors of the County of Santa Clara and to the Registrar of Voters of the County of Santa Clara.

Section 11. That the Town Manager is authorized to negotiate and execute an agreement with the California Department of Tax and Fee Administration (formerly the Board of Equalization) in

accordance with Revenue and Taxation Code section 7270 to perform all functions incident to the administration and operation of the ordinance if adopted.

PASSED AND ADOPTED at a special meeting of the Town Council of the Town of Los Gatos this 1st day of July, 2024 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

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

DATE: _____

From: Phil Koen
To: Linda Reiners; Joseph Rodgers; Ashley Monk; Andrew Howard; Matthew Hudes; Bob Rennie
Cc: Laurel Prevetti; Gitta Ungvari; Gabrielle Whelan; Wendy Wood
Subject: Fwd: August Finance Commission Meeting
Date: Wednesday, July 10, 2024 11:51:05 PM
Attachments: [inky-injection-inliner-6f42d488d348cfc086b6ff9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b7b0da7129634c80da.png](#)
[image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Dear members of the FC,

Hopefully you have received a notice from Gitta that I would like to schedule a special meeting of the FC for August 5 from noon to 2 pm. at the Council Chambers.

The meeting will be focused on three items - 1) a discussion of my letter as Chair to the TC regarding the sales tax proposal and the proposed resolution drafted by Staff. While the TC voted not to proceed, it is still appropriate to review and discuss the letter and resolution since the FC was unable to do so prior to it being sent. There were a number of points raised that I believe are worthy of a short discussion; 2) a status review of the largest capital projects currently in flight. I don't believe there has ever been a detail status review of individual projects outside a budgeting cycle by the FC. I have submitted to Gitta a proposed list of the projects to review., and 3) a review of the ERP System implementation including a discussion of objectives, project scope, time phased deliverables, overall project timeline, known risks and actual spend vs approved budget. We have heard for sometime that the Town needs a new ERP platform. This will be our first opportunity to learn more about this critical project.

I am allocating 15 minutes to agenda item 1, 75 minutes to agenda item 2 and 30 minutes to agenda item 3. My hope is that we can conclude the meeting by 2pm.

Please do not respond to this email. This is meant to provide information only. I hope all of you will be able to attend.

Thank you,

Phil Koen
Chair

Begin forwarded message:

From: Gitta Ungvari <Gungvari@losgatosca.gov>
Date: July 8, 2024 at 8:48:00 PM GMT+1
To: Phil Koen
Subject: RE: August Finance Commission Meeting



Good afternoon Chair,

I have confirmed that the Council Chamber will be available on August 5, 2024 at noon. I have reached out to the Commissioners with the new time. I will let you know as I hear back from them.

Thanks,

Gitta

From: Phil Koen
Sent: Thursday, July 4, 2024 12:00 PM
To: Gitta Ungvari <Gungvari@losgatosca.gov>
Cc: Linda Reiners; Laurel Prevetti <LPrevetti@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>
Subject: Re: August Finance Commission

[EXTERNAL SENDER]

Hello Gita,

If we could target the FC meeting for August 5 from noon - 3 pm that would be best. I know that this is a departure from our traditional schedule,

but I think it might accommodate some member's schedule.

In addition to the agenda items I mentioned, could we also add an item for the Finance Commission to review my June 29 email as Chair to the Town Council regarding the sales tax measure since they did not have an opportunity to do so. I would specifically request Staff to provide the supporting back up material which substantiates the claim the Town's revenues have not kept pace with expenditures over the years since I specifically called this out in my correspondence. We need to understand the basis for this claim.

Thank you for your assistance.

Phil Koen

On Jul 2, 2024, at 9:23 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:



Good morning Chair,

Our regular Finance Commission meeting is set for the second Monday of the month. The schedule approved previously for the Finance Commission did not include any meeting for the month of August. I will check the Commissioners' availability for a Special Finance Commission meeting on August 5th.

I will let you know as soon as I hear back from them.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Tuesday, July 2, 2024 8:48 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Nicolle Burnham <NBurnham@losgatosca.gov>; Linda Reiners [REDACTED]; Mary Badame <MBadame@losgatosca.gov>; Gabrielle Whelan <GWwhelan@losgatosca.gov>
Subject: August Finance Commission

[EXTERNAL SENDER]

Hello Gitta,

Now that the FY 2025 budget cycle is behind us, I would like to schedule a Finance Commission meeting for Monday August 5. The agenda will be to approve minutes from prior meetings, and two new agenda items - 1) detail review of the 7 capital projects highlighted in yellow in the attachment and 2) review of the ERP project.

Could you please check availability of the rest of the Commission to see if they can attend on August 5. Both Linda and I are available.

Under a separate email I will provide more direction regarding the information we would like to have presented to the FC for the capital projects.

Thank you for your assistance.

Phil Koen
Chair

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Laurel Prevetti](#); [Gabrielle Whelan](#); [Mary Badame](#)
Subject: Re: Draft Agenda for August 5, 2024 Special Meeting
Date: Tuesday, July 23, 2024 5:42:52 PM
Attachments: [inky-injection-inliner-209b06d63f3139b75bda7129634c80da.png](#)
[inky-injection-inliner-6f42d488d348cfd86b9f9497caf9f6a.png](#)
[inky-injection-inliner-6f42d488d348cfd86b9f9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b75bda7129634c80da.png](#)

[EXTERNAL SENDER]

Gitta,

I'll send you a more detail response later today but I wanted to make sure Staff is prepared to discuss with the FC the following ;

1. The proposed resolution for the sales tax had a finding that "Town revenues have not kept pace" with "the costs of providing services and programs to residents". The Staff did not provided the TC any documents that would support this finding. Furthermore the audited financial statements, based on my review, do not support this finding. I mentioned this in my letter to the TC. I am requesting the Staff provide the FC the documentation that supports this finding. Furthermore, I am requesting Staff to explain the internal review process that is in place to insure critical findings such as this are true and accurate. I am not aware of what the review process is and it would constructive for Staff to outline this process.

2. Regarding reviewing the status of the significant capital projects, I will provide you the exact projects I would like to review. I anticipate staff would present and review the management reports the Staff uses to manage these projects. There should not be any time spent on developing new reports - just present what is used currently by staff. I am going to allocate only a hour to this agenda item and if we don't get through all the projects, we will roll forward the ones we don't review to our next meeting.

More to come —

Thank you,

Phil Koen
Sent from my iPhone

On Jul 23, 2024, at 10:38 PM, Gitta Ungvari <GUNGvari@losgatosca.gov> wrote:



Good morning Chair,

Please see draft agenda for the Finance Commission special meeting per the information you provided.

1. Discussion of the Finance Commission Chair Letter to the Town Council Regarding the Sales Tax Proposal and the Proposed Resolution Drafted by Staff.
2. Status Review of the Largest Capital Improvement Projects
3. Review of the Enterprise Resource Planning System Implementation Project

Please confirm the draft agenda by July 25 at 5 p.m.

Thanks,

Gitta

p.s. I will be travelling and will have limited email access. I will be at the office on Thursday July 25th.

[EXTERNAL SENDER]

Gitta,

As part of the report package that will be distributed to the FC, please include this summary of GASB 34. I suspect that there will be a healthy discussion regarding the purpose of the various financial statements that are published annually by the Town

Central to that discussion is for the FC and the TC to fully understand the primary reporting purpose of government wide financial statements. To be clear, it is my view that these financial statements are the only statements that report total revenues and total costs of providing services each year on an accrual basis. As such it is these financial statements which will report whether the Town's financial improved or deteriorated year over year. Therefore it will be important for everyone to have a common foundational understanding.

Thank you,

Phil Koen

<https://cc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gao.gov%2Fpage%2FPageContent%3FpageId%3D%2Fstandards-and-guidance%2Fpronouncements%2Fsummary-statement-no-34.html&data=05%7C02%7CGUenrgrv%40gaoausda.gov%7C4523d62629e943488a2c0d8ca97db0a%7C6d3bc86747cb4d139c7c523dcfcedcd597C09%7C0%7C683873791569597743%7CUkunknown%7CTWtPbzAbZhdkeyJWjJoMCwL4JAwMDAILCQ0qV2BmJdLCBTlH6RlhaWsdLXIXVC6Mdu%3D%7C0%7C7C%7C%7C&data=7Z86EYSpQPEDqikt2TZzEvAlzvRco0Ombycfv4k%3D&reserved=0>

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#); [Laurel Prevetti](#); [Gabrielle Whelan](#); [Mary Badame](#)
Subject: FY 23 ACFR
Date: Tuesday, July 23, 2024 9:34:14 PM

[EXTERNAL SENDER]

Gitta,

Please include the FY 23 ACFR in the FC report package. I suspect we will be reviewing the 10 year financial data included in the supplemental section as we address the question of revenue and cost of services.

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Subject: Re: Capex Project Review
Date: Friday, July 26, 2024 5:17:27 PM
Attachments: [inky-injection-inliner-6f42d488d348cfd86bf9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b7b0da7129634c80da.png](#)
[image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Gitta,

The agenda order should be .

1. Discussion of the Chair's letter to TC and draft sales tax resolution
2. ERP project status and update and discussion
3. Capital projects review.

Again my goal is to keep this to 2 hours. I'm allocating 30 min to item one, 45 minutes to item 2 and 45 minutes to item 3.

We will not complete item 3 and will roll forward the remaining projects to our next meeting.

Thank you

Phil Koen
Sent from my iPhone

On Jul 27, 2024, at 2:14 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:



External
(gungvari@losgatosca.gov)



GUARDIAN

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Friday, July 26, 2024 2:05 AM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Subject: Re: Capex Project Review

[EXTERNAL SENDER]

Hello Gitta,

Please include project 2302 - Building Replacement.

This project is a good example of a project being closed out and will inform everyone as to the final cost, scope and timeline vs. the initial approved capital plan.

Thank you

Phil Koen

On Jul 26, 2024, at 3:22 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:



External
(gungvari@losgatosca.gov)



GUARDIAN

Good afternoon Chair,

I have a quick question regarding the seven capital projects listed. The original email referenced the ARC- Interim Community Center, while the list refers to the Building Replacement at Corporation Yard.

Can you verify which one should be included in the detailed discussion?

Thanks,

Gitta

Carry-forward & FY 2024/25 CIP Projects					
	GIAR	Grants and Fees/Fund	Gas Tax	Other	Total
CARRY-FORWARD PROJECTS					
Streets					
* Street Repair & Resurfacing	\$ 4,120,205	-	\$ 1,360,089	-	\$ 7,579,304
* Pavement Rehab-Crack Seal	360,000	-	-	-	360,000
* Annual Street Sealing	15,000	-	-	-	15,000
* Unanticipated Repairs - Annual	110,788	-	-	-	110,788
* Retaining Wall Repairs	585,300	-	-	-	585,300
* Shannon Road Repairs	4,574,187	-	-	-	4,574,187
* Roadside Fuel Reduction - Annual	735,551	750,000	-	-	1,485,551
* East Main Street Crosswalk Improvements	253,300	-	-	-	253,300
* VMT Mitigation Program	66,665	-	-	-	66,665
* Measure B Education & Encouragement	-	60,657	-	-	60,657
* Town-wide Speed Studies	-	-	80,000	-	80,000
* Curb, Gutter & Sidewalk Maintenance	62,147	-	-	-	62,147
* Shannon Road Ped & Bikeway Improvements	440,078	-	1,124,150	-	1,564,228
* Utility Underpinning Improvements	-	-	295,573	-	295,573
* Traffic Signal Modernization	-	-	94,858	-	94,858
* Downtown Streetscape Revitalization/Economic Recovery Efforts	553,638	-	-	-	553,638
* State Route 17 Corridor Congestion Relief Project	807,000	-	-	-	807,000
* Winchester Class IV Bikeway	410,246	1,872,190	-	-	2,282,436
* Kennedy Sidewalk & Bike Lane - 1/2 mile Engineering	486,620	-	-	-	486,620
* Stormwater System - Pollution Prevention Compliance	36,631	-	-	-	36,631
* Annual Storm Drain Improvements	-	-	252,233	-	252,233
* Lanes Street Drainage	-	-	360,000	-	360,000
* Homestead/Redevelopment Drainage Study	-	-	100,000	-	100,000
* 300 University Avenue Drainage System Replacement	-	-	300,000	-	300,000
* 300 University Lot Capacity Improvements	-	-	60,000	-	60,000
* Downtown Parking Lots Seal Coat & Restriping	45,341	-	-	-	45,341
* Parking Lot 4 Repairs/Waterproofing	50,300	-	-	-	50,300
* Curb Road - Bridge Replacement	40,000	-	-	-	40,000
* Highway 17 Bridge & Pedestrian Bridge - Design	406,718	480,605	-	-	1,066,323
* Timber Bridge Inspection	-	-	-	-	-
Parks					
* Oak Meadow Bandstand Area Improvements	44,495	196,730	-	-	241,225
* Town Plaza Turf Repairs	42,000	-	-	-	42,000
* Greenbelt Turf Replacement	500,000	-	-	-	500,000
* Parks Playground Fiber Project	45,349	-	-	-	45,349
* Pleasant Community Garden	252,280	-	-	-	252,280
* Charter Oaks Trail Improvement	474,891	-	-	-	474,891
* Open Space Trail Upgrades	152,000	-	-	-	152,000
* Trailhead Connector	696,376	126,179	-	-	822,555
* Vegetation Management - Town-wide	530,417	-	-	-	530,417
* Lynn Ave Pedestrian Path Design	184,552	-	-	-	184,552
Public Facilities					
* Town Beautification	22,517	-	-	-	22,517
* Public Art Gateway Project	37,500	-	-	-	37,500
* Emergency Preparedness	96,790	-	-	-	96,790
* Annual ADA Compliance Work	80,000	-	-	-	80,000
* Civic Center ADA Restrooms and HI Offices	805,000	-	-	-	805,000
* Civic Center Plumbing Repair	80,000	-	-	-	80,000
* ARC - Interim Community Center	877,614	-	-	-	877,614
* Building Replacement at Corporation Yard	267,454	-	-	-	267,454
* Engineering Counter Modification	40,000	-	-	-	40,000
* POB Space Study	75,000	-	-	-	75,000
* Library Improvements	22,000	-	-	-	22,000
* Battery Power Supply - Library	2,818	-	-	-	2,818
* ADA Upgrade for Public Restrooms - Adult Recreation Building	151,915	294,108	-	-	446,023
* Town-wide Document Imaging Project	16,389	-	-	-	16,389
* Interstate Resource Planning Upgrade	578,817	-	-	-	578,817
* EDC Communications Upgrade	6,000	-	-	-	6,000
* IT Disaster Recovery Improvements	28,080	-	-	-	28,080

-----Original Message-----

From: Phil Koen [REDACTED]

Sent: Tuesday, July 23, 2024 9:50 PM

To: Gitta Ungvari <Gungvari@losgatosca.gov>

Cc: Linda Reiners [REDACTED]; Laurel Prevetti <LPrevetti@losgatosca.gov>; Gabrielle Whelan <GWhelan@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>

Subject: Capex Project Review

[EXTERNAL SENDER]

Hello Gitta,

To help center the capital project discussion, I would respectfully request Staff to focus the review discussion on the following 7 projects:

- 0008 - Shannon Road repair
- 0130 - Roadside Fuel Reduction
- 0218 - Shannon Ped. and bikeway improvements
- 0241 - Kennedy Sidewalk

0803 - Highway 17 bridge
4505 - trailhead connector
2302 - building replacement - corporate yard.

Again, we wish to avoid creating a large burden on the Staff in preparing for this discussion. Sharing with the FC the regular management reports the Staff uses to track actual spend to budget and performance to schedule, etc. is all that is required at this time. In total these 7 projects represent a total capital budget of \$29.7m.

Thank you,

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Subject: deskitem.ballot_measure_general_sales_tax_advisory_measure_with_attachment
Date: Saturday, July 27, 2024 3:15:09 PM
Attachments: [deskitem.ballot_measure_general_sales_tax_advisory_measure_with_attachment.pdf](#)

[EXTERNAL SENDER]

Please include this in the Aug 5 FC package as background material.

Thank you



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 07/01/2024

ITEM NO: 1

DESK ITEM

DATE: July 1, 2024

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Adopt a Resolution to Place a 1/8th Cent Sales Tax on the November 2024 Ballot as a General Tax, Introduce an Ordinance to Approve the Tax Ordinance, Adopt a Resolution to Add a Companion Advisory Measure, and Authorize a Budget Adjustment in the Amount of \$132,000 from the Available Capital/Special Projects Reserve

ORDINANCE TITLE: AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS APPROVING THE ORDINANCE TO BE SUBMITTED TO THE VOTERS OF THE TOWN OF LOS GATOS AT THE NOVEMBER 5, 2024, GENERAL MUNICIPAL ELECTION THAT PROPOSES TO IMPOSE A ONE-EIGHTH OF ONE PERCENT GENERAL TRANSACTIONS AND USE TAX IN THE TOWN OF LOS GATOS

REMARKS:

Attachment 7 contains public comment received public comments received after 11:00 a.m. Friday, June 28 and before 11:00 on Monday, July 1, 2024.

Attachments Previously Received with the Staff Report:

1. Draft General Tax Resolution with Exhibit A: General Tax Ordinance
2. Draft Ordinance Approving Proposed Ordinance with Exhibit A: General Tax Ordinance
3. Resolution Approving Advisory Measure to General Tax
4. Examples of Approved General Taxes with Advisory Measures
5. Responses to Questions from Council Members
6. Public Comment
7. Public Comment Received After 11:00 a.m. on Friday, June 28

PREPARED BY: Wendy Wood
Town Clerk

Reviewed by: Town Manager and Town Attorney

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From: [Jim Foley](#)
To: [Council](#)
Cc: [Clerk; Jennifer Lin \(jennifer@losgatoschamber.com\); \[REDACTED\]](#)
Subject: Chamber of Commerce comments on Sales Tax Measure
Date: Friday, June 28, 2024 3:25:42 PM
Attachments: [image002.png](#)

[EXTERNAL SENDER]

Honorable Mayor and Town Council,

We appreciate your consideration of our recent feedback on the Sales Tax measure. Our understanding is that there is new information providing that there is less urgency to pass the ballot measures in November of 2024 because any revenue measure passed by Santa Clara County no longer precludes Los Gatos from passing a sales tax measure that otherwise could have exceeded the maximum tax allowed by the State of California and thus not be allowed. As such, the Chamber of Commerce believes it would be wise to take additional time for more broad outreach and garner strong support for the measures to ensure their success, and consider it on a future ballot.

Thank you,

Jim Foley
Committee on Economic Vitality and Government Affairs – Chair
Los Gatos Chamber of Commerce

Jim Foley

Principal/Broker-Owner



DRE # 01841825



Confidentiality Statement: This communication, including any attachments, constitutes an electronic communication within the meaning of the Electronic Communications Privacy Act, 18 USC 2510, and its disclosure is strictly limited to the intended recipient. This communication may contain confidential and privileged material for the sole use of the intended recipient and receipt by anyone other than the intended recipient does not constitute a loss of the confidential or privileged nature of the communication. Any review or distribution by others is strictly prohibited and is in violation of the rights of privacy provided for by the United States Constitution and the Constitution of the State of California. If you are not the intended recipient, please contact the sender and delete or destroy all copies of this communication including any attachments.

From: Julie Southern [REDACTED]
Sent: Saturday, June 29, 2024 12:46 AM
To: Town Manager <Manager@losgatosca.gov>
Subject: No more tax

[EXTERNAL SENDER]

I am not able to attend the July 1 meeting, but want it noted that I am not in favor of another tax increase.

I live at [REDACTED] Los Gatos and have been a Los Gatos residence for more than 35 years.

Please vote No on this.

Thank you

Julie



July 1, 2024 Special Town Council Meeting

The agenda and reports for the July 1, 2024 Special Town Council meeting at **5:15 p.m.** are available [online](#). Among the items on the agenda, the Town Council will consider an Ordinance to Place a One-Eighth Cent Sales Tax on the November 2024 Ballot.

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through the Zoom webinar application.

From: [Phil Koen](#)
To: [Mary Badame](#); [Matthew Hudes](#); [Rob Rennie](#); [Maria Ristow](#); [Rob Moore](#); [REDACTED] [Joe](#); [Andrew Howard](#); [Ashby Monk](#)
Cc: [Laurel Prevetti](#); [Gabrielle Whelan](#); [Wendy Wood](#)
Subject: Agenda Item #1 - Sales Tax Resolution
Date: Saturday, June 29, 2024 5:51:19 PM
Attachments: [Pages from Pages from MEET-Packet-f28b4d8d27984eb1a497d3481f1fad0b\(1\).pdf](#)
[Pages from MEET-Packet-f8e64916cd514d08a245697ea657aaa0\(2\).pdf](#)
[NBS Memorandum- December 2023.pdf](#)

[EXTERNAL SENDER]

Dear Honorable Mayor and Town Council Members,

In my capacity as Chair of the Finance Committee, I am writing to the Town Council to make it clear the Finance Commission's recommendation on May 13 to pursue the 1/8 specific sales tax was based on unequivocal statements made by both the Town Manager and the Assistant Town Manager (refer to the meeting's voice recording from 2 hour 28 minutes to 2 hours 32 minutes) that the County of Santa Clara had an exemption to exceed the State's sales tax cap and as a result was able to compete with the Town's ability to increase the local sales tax rate.

Solely because of this concern, the Finance Commission made a recommendation to the Town Council to pursue a specific sales tax. Based on the 5-year financial forecasts prepared by Staff and reviewed by the Finance Commission, it was also concluded the 5-year forecasts should not be relied upon because they were

unrealistically conservative in the revenue growth assumptions. The Finance Commission further concluded there was no objective evidence to suggest additional sales tax revenues were immediately required to balance the Town's general fund budgets because a more reasonable forecast of future revenues based on historical trends coupled with reasonable cost containment measures indicated revenue growth was sufficient to continue to provide essential town services at existing levels with no cuts in service levels required.

The recommendation to proceed with the sales tax increase was based on Staff's representation that if the Town did not act quickly, there was a chance the Town would forever lose the ability to increase the local sales tax rate by an additional 1/8 cent. It now appears that the Finance Commission relied upon inaccurate information.

I would also remind the Town Council, that at the May 7 Council meeting, the Council specifically requested the Finance Commission to review the polling results, discuss next steps regarding the proposed sales tax initiative and provide a recommendation to the Town Council. The Finance Commission quickly reacted to the Council's request and at its May 13 meeting thoroughly reviewed the sales tax proposals.

For sale of clarity, the Staff first made the claim regarding the County of Santa Clara in their report to Council dated February 15, 2024, which is also attached. It appears Staff relied upon a December 14, 2023 NBS memorandum which urged the Town to “move quickly on this option (e.g., sales tax increase), if desired, as the Town’s remaining capacity for a sales tax increase could be utilized by another government agency within the County the next election cycle”. No objective evidence was provided by NBS to substantiate this claim and it appears Staff at the time did not review the accuracy of the claim. I have attached the NBS memorandum for your review.

It appears that between the December 14, 2023 NBS memorandum and the February 15, 2024 Staff report, a statutory change came into effective on January 1, 2024 that neither Staff nor NBS was aware of. The change was first disclosed in the June 26, 2024 staff report – approximately 6 months after the change. As Chair of the Finance Commission, I was not contacted and only learned of this because I read the June 26 Staff report.

Given what has now been disclosed, the Town Council should not rely on the Finance Commission’s May 13 recommendation. It is clear the Finance Commission had

been provided inaccurate information and had not been informed on a timely manner of the statutory changes that were enacted January 1, 2024. This may be a moot point, because it appears the Town Council has not relied upon the Finance Commission's recommendation regarding a specific sales tax any way.

Furthermore, the Town Council should note the "whereas" statement in the proposed general sales tax resolution that "the cost of providing Town services and programs to residents have significantly increased over the years and Town revenues have not kept pace" is not supported by the audited financial statements the Finance Commission has reviewed, nor by a reasonable review of the Staff's 5-year forecasts. In FY 23 the General Fund reported a \$5.7m excess of revenues over expenditures which was a 72% increase over the FY 22 results of a \$3.3m excess of revenues over expenditures.

Lastly, the Finance Commission discussed the need for the Town Council to be fully transparent regarding the use of sales tax proceeds and to legally bind the use of the tax proceeds through a specific sales tax and not a general sales tax. The proposed ballot box language does not reflect the Finance Commission's recommendation and is misleading. Please refer to the Finance Commission's

discussion of this by reviewing the audio recording of the May 13 meeting.

I would urge the Town Council to take these comments under serious consideration so as to avoid a potential legal challenge to a general sales tax initiative which uses the proposed ballot box language.

Thank you,

Phil Koen

Chair of the Finance Commission



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 07/01/2024

ITEM NO. 1.

ITEM NO: 1

DATE: June 26, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution to Place a 1/8th Cent Sales Tax on the November 2024 Ballot as a General Tax, Introduce an Ordinance to Approve the Tax Ordinance, Adopt a Resolution to Add a Companion Advisory Measure, and Authorize a Budget Adjustment in the Amount of \$132,000 from the Available Capital/Special Projects Reserve
ORDINANCE TITLE: AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS APPROVING THE ORDINANCE TO BE SUBMITTED TO THE VOTERS OF THE TOWN OF LOS GATOS AT THE NOVEMBER 5, 2024, GENERAL MUNICIPAL ELECTION THAT PROPOSES TO IMPOSE A ONE-EIGHTH OF ONE PERCENT GENERAL TRANSACTIONS AND USE TAX IN THE TOWN OF LOS GATOS

RECOMMENDATION:

Adopt a resolution (Attachment 1) to place a 1/8th cent sales tax on the November 2024 ballot as a general tax, introduce an ordinance (Attachment 2) to approve the tax ordinance adopt a resolution (Attachment 3) to add a companion advisory measure, and authorize a budget adjustment in the amount of \$132,000 from the available Capital/Special Projects Reserve.

REMARKS:

On June 18, 2024, Council voted not to consider a special sales tax for the 2024 ballot and requested a special meeting in July to discuss the potential of a general sales tax with a companion advisory measure. This approach that has been used in other jurisdictions in which a general tax is placed on the ballot along with a companion advisory measure that indicates the specific use(s) for which the voters would prefer the tax revenue to be spent should both measures pass.

PREPARED BY: Katy Nomura
Assistant Town Manager

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

SUBJECT: Adopt a Resolution to Place a 1/8th Cent Sales Tax on the November 2024 Ballot

DATE: June 26, 2024

REMARKS (continued):

- Attachment 5 contains answers to questions from Council Members.

CONCLUSION:

The Town Council has the opportunity to determine whether to:

1. Adopt a resolution (Attachment 1) to place a 1/8th cent sales tax on the November 2024 ballot as a general tax, introduce an ordinance (Attachment 2) to approve the tax ordinance, adopt a resolution (Attachment 3) to add a companion advisory measure, and authorize a budget adjustment in the amount of \$132,000 from the available Capital/Special Projects Reserve; or
2. Provide other direction; or
3. Take no action.

August 9, 2024 is the last day in which the Santa Clara County Registrar of Voters is accepting resolutions to add measures for the November 2024 election.

COORDINATION:

This report was prepared in collaboration between NBS, the Town Manager's Office, the Town Attorney, and municipal tax counsel.

FISCAL IMPACT:

The estimated cost to put two measures on the ballot (i.e., general tax and companion advisory measures) is \$132,000. Budget adjustments would be needed to add these resources to the adopted Fiscal Year 2024/25 Operating Budget. The source of funds would be the Capital/Special Projects Reserve.

If a sales tax measure passes in November, it is estimated to generate approximately \$1 million per year.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

SUBJECT: Adopt a Resolution to Place a 1/8th Cent Sales Tax on the November 2024 Ballot

DATE: June 26, 2024

Attachments:

1. Draft General Tax Resolution with Exhibit A: General Tax Ordinance
2. Draft Ordinance Approving Proposed Ordinance with Exhibit A: General Tax Ordinance
3. Resolution Approving Advisory Measure to General Tax
4. Examples of Approved General Taxes with Advisory Measures
5. Responses to Questions from Council Members
6. Public Comment



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/20/2024

ITEM NO: 15

DATE: February 15, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Provide Direction on Any Ballot Measures to Consider for Polling

RECOMMENDATION:

Provide direction on any ballot measures to consider for polling.

BACKGROUND:

While costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace. Los Gatos is facing the same economic pressures as many other cities and businesses, including inflation and the uneven recovery from the pandemic. In addition, unfunded mandates by the State have also reduced the Town's available funds.

The Town maintains a relatively stable and low staffing level. Even so, costs per employee continue to escalate as evidenced by pension benefit costs having increased 35% in the last five years. The Town Council has taken several proactive steps to reduce the Town's pension liability, including Additional Discretionary Payments for the Pension Plans and curbing cost escalation in Other Post-Employment Benefits (OPEB).

Other cost drivers, such as medical benefits, have been fluctuating and increasing in recent years by as much as 11% in a single year. Unfortunately, revenues are not increasing by double digits.

PREPARED BY: Katy Nomura
Assistant Town Manager

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

BACKGROUND (continued):

Los Gatos has taken the following proactive cost-cutting measures during major economic downturns to reduce budget expenditures and control costs while maintaining high service levels:

- Staffing levels significantly reduced from 2001 – 2005 and have not returned to those levels, despite an increase in population since then, unfunded mandates, and service demands,
- Imposed wage freezes and unpaid furloughs, and
- Reduced employee benefit costs.

Town budgets are reviewed annually by an independent auditor. Los Gatos has earned recognition for its fiscal responsibility with the highest credit rating (AAA bond rating by Moody's) and annual awards by the Government Finance Officers Association for its high quality and transparent budgeting practices.

On November 17, 2022, the Finance Commission reviewed several cost reduction measures and recommended that the Town further work toward operational efficiencies and researching additional revenue options.

On January 24, 2023, the Town Council determined its Strategic Priorities for 2023-2025, which included exploring new revenue opportunities.

On June 20, 2023, the Town Council authorized the Town Manager to issue a Request for Qualifications (RFQ) for revenue ballot measure consulting services. After conducting the RFQ process, the Town selected NBS.

On October 17, 2023, Town Council authorized the Town Manager to enter into an agreement for the initial phase of the work for an amount not to exceed \$44,600, with direction to return to Council with revenue modeling prior to beginning any polling.

On December 19, 2023, Town Council reviewed the Revenue Modeling Report prepared by NBS (Attachment 1) and continued the item to February 20, 2024 to consider it at the same time as the five-year forecast.

On February 12, 2024, the Finance Commission discussed the NBS report and made the following recommendation to Council: The Finance Commission unanimously passed a motion recommending that the Town Council not rely upon the NBS Report's conclusions regarding deficit reductions because the financial analysis was based on an outdated 5-Year Forecast which did not include actual results for Fiscal Year 2022/23. The Finance Commission did find that the incremental revenue contribution for the revenue options analyzed are credible and can be used for modeling purposes.

BACKGROUND (continued):

While the Commission did not make a motion regarding any potential ballot measure, individual Commissioners questioned the need for it at this time. One Commissioner expressed that there may or may not be merit to the 1/8th cent tax measure and indicated this was the reason they declined to opine.

On February 13, 2024, the Council updated its Strategic Priorities and removed the detailed bullets under “Develop a Five-Year Structurally Balanced and Sustainable Operating Forecast,” including reference to new revenue opportunities.

DISCUSSION:

NBS conducted a comprehensive evaluation of options to increase revenue for the Town and associated revenue modeling. This included an evaluation of a property transfer tax increase, utility user tax (UUT), special assessment districts, transient occupancy tax (TOT), business license tax, sales tax, and parcel tax scenarios. Franchise fees were discussed as part of the UUT analysis. Each of these options is outlined in NBS’ revenue modeling report (Attachment 1). Of the options, NBS recommended either a sales tax or a parcel tax.

Sales Tax

As mentioned in the NBS report, “the current sales tax rate in the Town is 9.25%, of which the Town’s share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%...If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. NBS recommends that the Town move quickly on this option, if desired, as the Town’s remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle.”

The following table shows NBS’ revenue modeling for FY 2025/26 through FY 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

Parcel Tax

Among other scenarios, NBS explored revenue modeling for a parcel tax with senior/low-income exemptions and a parcel tax on commercial buildings over 25,000 square feet. Any parcel tax would require a two-thirds approval from voters to pass.

In order for a parcel tax with senior/low-income exemptions to generate an estimated \$1M annually, it would need to be roughly \$97.70 per parcel, \$0.0055 per lot square foot, or \$0.04 per building square foot.

DISCUSSION (continued):

In order for a parcel tax on commercial buildings over 25,000 square feet to generate an estimated \$1M annually, it would need to be roughly \$0.83 per building square foot. Only 35 parcels in the Town have commercial buildings over 25,000 square feet that would be subject to such a parcel tax.

Polling Next Steps

Regarding a revenue measure for the 2024 ballot, the Town is not in a position to determine whether a measure should be placed on the ballot or not as polling has not been conducted. Polling is a targeted effort to survey a statistically representative sample of likely voters to test potential ballot measures, ballot language, and potential services to fund (see Attachment 2). In other smaller cities, samples sizes as low as 90 likely voters have yielded reliable and ultimately successful results. The results of any polling should give proper guidance for specific recommendations and for the Council to make its decision. Polling will also inform public messaging around any potential revenue ballot measure. Draft messaging is included in Attachment 3 and updated messaging would return to Council with the polling results, should polling occur.

If polling is conducted, a summary of the results would be brought to the Finance Commission for a recommendation to the Council as to whether or not to pursue placing a measure on the 2024 ballot. The results and the Finance Commission's recommendation would then be brought to the Council for consideration.

CONCLUSION:

Staff looks forward to Council's discussion and direction on which potential revenue measures to consider for polling, if any. NBS recommends that no more than two options should be polled.

COORDINATION:

The preparation of this report was coordinated with the Town Manager, Town Attorney, and Director of Finance.

FISCAL IMPACT:

On October 17, 2023, Council authorized the Town Manager to enter into an agreement for the initial phase of the work for amount not to exceed \$44,600. The cost for polling for potential revenue ballot measures was already included in this amount. After polling is complete, Council will have the option to decide whether to allocate additional funding to pursue placing a measure on the 2024 ballot.

PAGE 5 OF 5

SUBJECT: Potential Revenue Ballot Measure Options

DATE: February 15, 2024

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. NBS Revenue Modeling Report
2. Polling Overview
3. Draft Messaging

TOWN OF LOS GATOS MEMORANDUM

TO: Laurel Prevetti, Town Manager, Town of Los Gatos

FROM: Nick Dayhoff, Senior Consultant

DATE: December 14, 2023

SUBJECT: Revenue Modeling Scenarios

Purpose

The Town of Los Gatos (the “Town”) has requested a comprehensive evaluation of options to increase revenue to address the Town’s forecasted budget deficits in the near term. This evaluation includes modeling for increases to sales tax and transient occupancy tax (“TOT”) rates, and a limited model for a new utility user tax (“UUT”) and a new parcel tax. This Memorandum summarizes additional revenues that could be generated via a new parcel tax based on various revenue targets, the estimated revenue generated by potential increases to the Town’s sales tax and TOT rates, and the estimated revenue generated by the implementation of a UUT.

Projected Budget Deficits

According to the Town’s Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted budget deficits for Fiscal Years 2025/26 through 2028/29:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)

Non-Viable and Not-Recommended Revenue Options

Property Transfer Tax Increase

Only Charter cities can increase the property transfer tax rate above the general law maximum of \$0.55 per \$1,000 of value (city rate). The Town is not a Charter city.

Limited UUT for Cable, Gas, and Electric Utilities

A UUT may be imposed by the Town on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television.

The Town does not currently levy UUTs, so modeling what the potential revenues might be from a new UUT relies on the limited amount of information received from the Town, including historical franchise fee collections from its cable, electric, and gas franchises. Since any UUT would be based upon the gross receipts of each utility, NBS has had to estimate the gross receipts of the gas, electric, and cable utilities based on forecasted franchise fee collections and franchise fee rates for the Town's cable, electric, and gas franchises.

The Town does not collect franchise fees for the water, sewer, or telephone utilities, so we cannot estimate what the gross receipts of those utilities might be. As such, we have not included these utilities in our estimate of potential UUT revenue. In addition, NBS is not including a UUT on the Town's garbage utility as part of this analysis, as the contract between the hauler and the Town is currently being negotiated and the service may no longer be categorized as a "Franchise" moving forward.

According to the Town, the following table shows the forecasted cable, electric, and gas franchise fee collections for Fiscal Years 2025/26 through 2028/29:

Title	2025/26	2026/27	2027/28	2028/29
CABLE FRANCHISE FEE	\$ 530,450	\$ 546,360	\$ 562,750	\$ 579,630
PG&E FRANCHISE FEE	441,830	455,080	468,730	482,790
TOTAL	\$ 972,280	\$ 1,001,440	\$ 1,031,480	\$ 1,062,420

From here, we can estimate what the gross receipts of the cable and gas/electric utility are, as the cable franchise fee is 5.00% of gross revenues, and the gas/electric franchise fee is 2.00% of gross revenues.

Title	2025/26	2026/27	2027/28	2028/29
CABLE @ 5% FF	\$ 10,609,000	\$ 10,927,200	\$ 11,255,000	\$ 11,592,600
PG&E @ 2% FF	22,091,500	22,754,000	23,436,500	24,139,500
TOTAL	\$ 32,700,500	\$ 33,681,200	\$ 34,691,500	\$ 35,732,100

The following table shows the potential revenue generated via various UUT rates for the cable, gas, and electric utilities for Fiscal Years 2025/26 through 2028/29:

Potential UUT	Potential New Total UUT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
1.00%	1.00%	\$ 327,005	\$ 336,812	\$ 346,915	\$ 357,321
2.00%	2.00%	654,010	673,624	693,830	714,642
3.00%	3.00%	981,015	1,010,436	1,040,745	1,071,963
4.00%	4.00%	1,308,020	1,347,248	1,387,660	1,429,284
5.00%	5.00%	1,635,025	1,684,060	1,734,575	1,786,605

The following table shows how the maximum estimated UUT revenue (5.00%) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
UUT Revenue @ 5.00%, in Millions	1.6	1.7	1.7	1.8
Forecasted Surplus/(Deficit), in Millions	(\$1.2)	(\$1.4)	(\$1.6)	(\$2.0)

Based on these revenue estimates, the Town would still be in deficit in the near term; however, if combined with the following other recommended revenue options, the Town could potentially close its deficit. The approval of a majority of registered voters within the Town is needed to implement a UUT. In general, obtaining voter approval for a new UUT where none existed is difficult to achieve. In addition, when Town voters were asked about a new UUT in a 2016 poll, opposition was twice that of support, with 62% opposed and 31% in favor. We see no reason why this sentiment should have changed enough since then to make a new UUT a viable option for the Town. In addition, from 2002 through 2020, 85 cities asked for voter approval of a new UUT, and just 28 (33%) were successful, even though approval required only a majority vote.

UUT for Streaming Video Services

In 2021, a judge in Los Angeles ruled that local utility laws don't cover streaming services, so imposing a UUT on streaming services may not be a viable option. NBS recommends that the Town obtain a legal opinion on this matter.

Special Assessment Districts

Several statutes authorize cities to levy assessment for specific services and facilities. General law cities considering assessments are limited to the services and facilities types listed in each statute and must comply with the substantive and procedural requirements in Article XIII D of the California Constitution, added by Proposition 218, and the Proposition 218 Omnibus Implementation Act.

The following are some of the most used authorizing statutes for assessments and the kinds of services and facilities for which they can be used:

Landscaping and Lighting Act of 1972: Authorizes assessments for such things as the installation, construction, and maintenance of landscaping; ornamentation; street lighting, including traffic signals; curbs, gutters, sidewalks, and drainage; parks and recreational facilities; community centers, auditoriums, and public performance space.

Benefit Assessment Act of 1982: Authorizes assessments for the maintenance of drainage; flood control; street lighting; and streets, roads, or highways.

Improvement Act of 1911 ("1911 Act"): Authorizes assessments for a variety of public improvements, such as streets and sidewalks, including decorative features; sewers; storm drains; lighting; pipes and hydrants for fire protection; levees and walls for the protection of streets and to prevent beach erosion or promote accretion to beaches; water supply; gas supply; bomb shelters; trees and landscaping; mooring; land

stabilization improvements. It also allows assessment revenue to be used for limited acquisition of land related to the authorized improvements.

Municipal Improvement Act of 1913 ("1913 Act"): Generally authorizes assessments for the acquisition of land and construction of a wide array of public works and improvements, including but not limited to utilities. It also allows for the financing of some improvements to private property, such as seismic strengthening and fire safety.

In calculating an assessment, a city must first determine the entire cost of the facility or service to be funded. It must then separate the benefits of the service or facility to the general public from the benefits to property owners who will be subject to the assessment. That means, in part, determining the proportionate special benefit that each parcel subject to the assessment derives from the service or facility. Finally, the assessment imposed on each parcel cannot exceed the cost of the special benefit conferred on the parcel.

An option to fund general city services via special assessment does not exist in California. In addition, assessment districts may not fund general public-safety services, as those services have been deemed to provide general benefits to entire communities, and not special benefits to certain properties.

Transient Occupancy Tax

The Town currently levies a TOT in the amount of 12% of the rent charged by the operator for the privilege of occupancy in any hotel. It's worth noting here that Palo Alto has a 15.50% TOT rate, Los Altos and Milpitas have a 14.00% TOT rate, Santa Clara, Sunnyvale, and the unincorporated areas of Santa Clara County have a 12.50% TOT rate, Campbell and Cupertino have a 12.00% TOT rate, Morgan Hill, Mountain View, San Jose and Saratoga have a 10.00% TOT rate, and Gilroy has a 9.00% TOT. Los Altos Hills and Monte Serreno do not currently have a TOT.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted TOT collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted TOT Collections	Each 1% Yields ¹
2025/26	\$ 2,600,000	\$ 216,667
2026/27	2,600,000	216,667
2027/28	2,600,000	216,667
2028/29	2,700,000	225,000

1 - Current TOT rate is 12%

The following table shows the potential revenue generated via various increases in the Town's TOT rate for Fiscal Years 2025/26 through 2028/29:

Potential TOT Increase	Potential New Total TOT %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.25%	12.25%	\$ 54,167	\$ 54,167	\$ 54,167	\$ 56,250
0.50%	12.50%	108,333	108,333	108,333	112,500
0.75%	12.75%	162,500	162,500	162,500	168,750
1.00%	13.00%	216,667	216,667	216,667	225,000
1.25%	13.25%	270,833	270,833	270,833	281,250
1.50%	13.50%	325,000	325,000	325,000	337,500
1.75%	13.75%	379,167	379,167	379,167	393,750
2.00%	14.00%	433,333	433,333	433,333	450,000
2.25%	14.25%	487,500	487,500	487,500	506,250
2.50%	14.50%	541,667	541,667	541,667	562,500
2.75%	14.75%	595,833	595,833	595,833	618,750
3.00%	15.00%	650,000	650,000	650,000	675,000
3.25%	15.25%	704,167	704,167	704,167	731,250
3.50%	15.50%	758,333	758,333	758,333	787,500

The following table shows how the maximum estimated additional TOT revenue (3.50% increase) in the table above would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
TOT Revenue @ 15.50%, in Millions	0.8	0.8	0.8	0.8
Forecasted Surplus/(Deficit), in Millions	(\$2.0)	(\$2.3)	(\$2.5)	(\$3.0)

NBS does not recommend increasing the TOT rate, as any potential increase doesn't raise that much additional revenue to support the Town's budget deficit.

Business License Tax Modification

The Town may also have an interest in exploring a modification to its Business License Tax to add a charge per employee. NBS is not modeling what the rate per employee would be as the Town does not yet know the number of employees that would be subject to the tax. It's also worth noting here that voters in the Town approved an increase to the Business License Tax in November 2022 (Measure J), so perhaps it's too soon to ask the voters for another modification.

Recommended Revenue Options

Sales Tax Rate Modeling

The current sales tax rate in the Town is 9.25%, of which the Town's share is 1% (not including the Measure G sales tax rate of 0.125%). The Town has the capacity to raise its sales tax rate by an additional 0.125%.

According to the Town's Operating and Capital Summary Budget for Fiscal Year 2023/24, the following table shows the forecasted sales tax collections for Fiscal Years 2025/26 through 2028/29, including what each 1% yields:

FY	Forecasted Sales Tax Collections	Each 1% Yields ¹
2025/26	\$ 8,500,000	\$ 8,500,000
2026/27	8,700,000	8,700,000
2027/28	9,000,000	9,000,000
2028/29	9,300,000	9,300,000

1 - Current sales tax rate is 9.25%, of which the City receives 1% (does not include Measure G sales tax rate of 0.125%)

The following table shows the potential revenue generated via a 0.125% increase in the Town's sales tax rate for Fiscal Years 2025/26 through 2028/29:

Potential Sales Tax Increase	Potential New Total Sales Tax %	Additional Revenue 2025/26 Projected	Additional Revenue 2026/27 Projected	Additional Revenue 2027/28 Projected	Additional Revenue 2028/29 Projected
0.125%	9.375%	\$ 1,062,500	\$ 1,087,500	\$ 1,125,000	\$ 1,162,500

The following table shows how the estimated additional sales tax revenue would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Sales Tax Revenue, in Millions	1.1	1.1	1.1	1.2
Forecasted Surplus/(Deficit), in Millions	(\$1.7)	(\$2.0)	(\$2.2)	(\$2.6)

It's worth noting here that Campbell, Milpitas, and San Jose already have a 9.375% sales tax rate, while all other cities (excluding the Town) in Santa Clara County and the unincorporated areas of Santa Clara County are currently subject to a sales tax rate of 9.125%.

The amount of revenue generated by a potential sales tax increase does not completely fill the Town's budget deficit, but it is higher than the potential revenue generated by an increase in the Town's TOT rate and could potentially serve as a "first step" for the Town to raise additional revenue. If structured as a general sales tax, the Town would only need to secure approval from a majority of the registered voters within the Town to increase the sales tax rate. **NBS recommends that the Town move quickly on this option, if desired, as the Town's remaining capacity for a sales tax increase could be utilized by another government agency within the County during the next election cycle.**

Parcel Tax Scenarios

For purposes of modeling a new parcel tax, the Town has provided four revenue target scenarios to fill its projected operating deficits: a consensus target of \$3.5MM, a high target of \$4MM, a middle target of \$2MM, and a low target of \$1MM, as shown below:

Revenue Target	Amount
High	\$ 4,000,000
Consensus	\$ 3,500,000
Middle	\$ 2,000,000
Low	\$ 1,000,000

Our analysis assumes that the parcel tax, if approved in November 2024, would be collected beginning in Fiscal Year 2025/26, and rates would increase by 3% per year. The following table shows how each of the four revenue target scenarios for a potential parcel tax would affect the Town's forecasted deficits:

Item	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
Forecasted Surplus/(Deficit), in Millions	(\$2.8)	(\$3.1)	(\$3.3)	(\$3.8)
Parcel Tax Revenue, in Millions (High)	4.0	4.1	4.2	4.4
Forecasted Surplus/(Deficit), in Millions (High)	\$1.2	\$1.0	\$0.9	\$0.6
Parcel Tax Revenue, in Millions (Consensus)	3.5	3.6	3.7	3.8
Forecasted Surplus/(Deficit), in Millions (Consensus)	\$0.7	\$0.5	\$0.4	\$0.0
Parcel Tax Revenue, in Millions (Middle)	2.0	2.1	2.1	2.2
Forecasted Surplus/(Deficit), in Millions (Middle)	(\$0.8)	(\$1.0)	(\$1.2)	(\$1.6)
Parcel Tax Revenue, in Millions (Low)	1.0	1.0	1.1	1.1
Forecasted Surplus/(Deficit), in Millions (Low)	(\$1.8)	(\$2.1)	(\$2.2)	(\$2.7)

Based on the latest Santa Clara County Assessor's data from July 2023, there are a total of 11,230 parcels within the Town that would be Taxable, and an additional 365 parcels that would be Non-Taxable (generally publicly owned parcels, utilities, common areas, mobile homes, or other parcels with no assessed value). We provide below three parcel tax scenarios for each of the four revenue targets scenarios: (1) a uniform rate per parcel, (2) a uniform rate per lot square foot, (3) a uniform rate per building square foot, (4) a uniform rate per parcel with senior/low-income exemptions, (5) a uniform rate per lot square foot with senior/low-income exemptions, and (6) a uniform rate per building square foot with senior/low-income exemptions.

Without Senior/Low-Income Exemptions

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 356.19	\$ 311.67	\$ 178.09	\$ 89.05
Taxable Parcels - per Lot Square Foot	\$ 0.0203	\$ 0.0178	\$ 0.0102	\$ 0.0051
Taxable Parcels - per Building Square Foot	\$ 0.14	\$ 0.12	\$ 0.07	\$ 0.03

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel	Average of Parcel Tax - By LotSqFt	Average of Parcel Tax - By BldgSqFt
\$ 311.67	\$ 254.10	\$ 262.08

With Senior/Low-Income Exemptions

For the purposes of this analysis, we have assumed that 10% of Taxable single-family residential parcels, 10% of Taxable single-family residential lot area, or 10% of Taxable single-family residential building area could qualify for a senior/low-income exemption, if offered.

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Parcels - per Parcel	\$ 390.82	\$ 341.96	\$ 195.41	\$ 97.70
Taxable Parcels - per Lot Square Foot	\$ 0.0219	\$ 0.0192	\$ 0.0110	\$ 0.0055
Taxable Parcels - per Building Square Foot	\$ 0.15	\$ 0.13	\$ 0.07	\$ 0.04

The average taxes on SFR and Condo parcels under the consensus revenue target for the three different apportionment methods are shown below:

Average of Parcel Tax - By Parcel (SLI)	Average of Parcel Tax - By LotSqFt (SLI)	Average of Parcel Tax - By BldgSqFt (SLI)
\$ 341.96	\$ 273.89	\$ 283.18

Commercial/Office/Industrial Parcels Only

The Town has also requested a scenario for a parcel tax that would only apply to Taxable Commercial/Office/Industrial Properties at a rate per building square foot over 25k building square feet. The rates per building square foot over 25k building square feet for each of the revenue targets are shown below:

Description	Rate - High	Rate - Consensus	Rate - Mid	Rate - Low
Taxable Commercial/Office/Industrial Parcels - per Building Square Foot > 25K	\$ 3.31	\$ 2.90	\$ 1.66	\$ 0.83

There are 35 Commercial/Office/Industrial parcels with buildings of 25,000 square feet or more and the resulting annual tax per owner would range from approximately \$4,600 to \$612,000.

The parcel tax option is the only reliable way to correct the Town's projected deficits with one funding mechanism, however attaining two-thirds approval from voters at the rates that meet that objective may be difficult. I look forward to our upcoming meeting to discuss these revenue scenarios and the resulting model results. Please contact me with any questions or comments; I can be reached at 800. 676.7516 or via email at ndayhoff@nbsgov.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nick Dayhoff', with a long, sweeping horizontal line extending to the right.

Nick Dayhoff
Senior Consultant

From: [Phil Koen](#)
To: [Mary Badame](#); [Matthew Hudes](#); [Rob Rennie](#); [Maria Ristow](#); [Rob Moore](#)
Cc: [Gabrielle Whelan](#); [Laurel Prevetti](#); [Wendy Wood](#)
Subject: 10 year Trend of change in net position
Date: Monday, July 1, 2024 9:41:42 AM
Attachments: [Pages from Town%20of%20Los%20Gatos%20FY%202022-23%20Final%20ACFR\(2\).pdf](#)

[EXTERNAL SENDER]

Dear Honorable Mayor and Council Members,

To remove any doubt or uncertainty, attached is a 10 year trend report taken from the FY 2023 ACFR which reports the annual change in net position. Please note that every year with the exception of FY 2021 during the peak of COVID, the Town reported a positive increase. In fact in FY 2022 the change was \$24.2m and in FY 2023 \$15.1m

This demonstrates revenue growth has consistently exceeded the growth in total government expenses for 9 out of the 10 years. An increase in net position can only happen if revenues exceed expenditures.

Please be advised the Town's website which claims that revenue growth has not kept pace with the growth in expenses, as measured by the Statement of Activities which reports consolidated results on an accrual basis, is incorrect.

The Town's website must be corrected so residents understand the true historical performance of the Town.

Thank you,

Phil Koen
Chair of the Finance Commission

Town of Los Gatos
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2013/14	2014/15	2015/16	2016/17	2017/18
Expenses					
Governmental Activities:					
General Government	\$ 6,955,804	\$ 6,465,852	\$ 6,993,661	\$ 6,771,628	\$ 7,948,918
Public Safety	14,119,786	12,644,221	12,825,688	14,587,597	15,545,521
Parks and Public Works	8,154,616	8,069,352	8,320,623	9,502,707	10,047,003
Community Development	4,424,040	4,047,738	3,227,224	5,093,459	4,667,609
Library Services	2,234,431	2,553,414	2,522,142	2,868,748	3,087,684
Sanitation	363,180	491,359	528,580	466,762	536,296
Redevelopment	21,687	-	-	-	-
Interest and Fees	-	-	-	-	-
Total Governmental Activities	36,273,544	34,271,936	34,417,918	39,290,901	41,833,031
Program Revenues					
Charges for Services:					
General Government	2,179,077	1,888,213	1,517,012	1,669,020	1,701,146
Public Safety	3,206,579	3,529,166	3,278,585	2,076,688	1,888,359
Parks and Public Works	1,550,867	2,206,765	1,516,108	2,155,841	4,150,068
Community Development	5,156,061	5,027,497	4,359,146	3,803,626	3,456,390
Library Services	51,775	53,123	46,192	46,746	14,702
Sanitation	328,648	328,868	368,813	410,626	771,442
Operating Grants and Contributions:					
General Government	-	-	15,291	-	-
Public Safety	42,661	24,838	98,138	837,329	895,730
Parks and Public Works	994,096	907,745	749,300	665,779	953,294
Community Development	-	-	-	-	-
Library Services	14,662	4,062	12,228	-	57,200
Capital Grants and Contributions:					
General Government	-	176,705	-	-	-
Public Safety	-	-	-	-	-
Parks and Public Works	2,274,879	2,338,154	1,610,657	770,600	348,437
Community Development	19,360	-	-	9,280	-
Total Program Revenues	15,818,665	16,485,136	13,571,470	12,445,535	14,236,768
General Revenues and Special Items:					
Property Taxes	11,712,312	12,931,603	13,763,458	14,756,214	15,958,406
Sales Taxes	8,029,571	8,202,678	7,501,175	8,925,276	7,466,253
Franchise Taxes	-	2,215,430	2,258,892	2,366,908	2,474,814
Other Taxes	3,718,405	2,062,893	1,997,497	2,351,223	2,667,840
Motor Vehicle in Lieu	13,068	-	12,308	14,056	16,483
Developer Fees	-	-	-	-	-
Investment Earnings	772,200	428,772	698,324	192,260	333,120
Sale of Property	-	-	-	-	-
Miscellaneous	350,468	813,324	598,170	528,946	622,105
Insurance recoveries	-	-	-	-	-
Total General Revenues and Special Items	24,596,024	26,654,700	26,829,824	29,134,883	29,539,021
Change in Net Position	\$ 4,141,145	\$ 8,867,900	\$ 5,983,376	\$ 2,289,517	\$ 1,942,758

Continued

Town of Los Gatos
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Expenses					
Governmental Activities:					
General Government	\$ 8,163,991	\$ 7,405,368	\$ 7,086,377	\$ 15,681,345	\$ 10,522,568
Public Safety	16,635,726	20,446,188	19,808,230	15,093,308	17,428,923
Parks and Public Works	10,627,716	11,803,005	13,141,034	12,969,615	12,258,626
Community Development	5,064,637	5,001,958	6,846,834	5,827,001	5,215,961
Library Services	3,059,294	3,347,523	3,496,153	2,969,954	3,653,642
Sanitation	684,673	3,041	185,981	178,575	208,262
Redevelopment	-	-	-	-	-
Interest and Fees	-	-	-	-	29,221
Total Governmental Activities	44,236,037	48,007,083	50,564,609	52,719,798	49,317,203
Program Revenues					
Charges for Services:					
General Government	1,562,683	1,470,324	1,894,080	1,725,857	2,635,527
Public Safety	1,745,889	1,549,207	1,288,358	1,596,313	1,846,312
Parks and Public Works	2,910,936	3,674,222	4,209,048	5,090,014	3,590,936
Community Development	4,155,231	3,351,753	4,063,776	4,129,718	3,971,336
Library Services	9,476	11,522	-	521	2,039
Sanitation	966,130	231,323	299,478	231,323	359,950
Operating Grants and Contributions:					
General Government	-	12,290	-	2,766,833	-
Public Safety	826,643	952,045	1,061,344	1,144,226	4,622,373
Parks and Public Works	1,301,152	2,824,638	1,547,102	1,482,896	1,735,608
Community Development	-	15,864	223,129	670,929	616,937
Library Services	47,482	49,351	55,181	114,958	174,663
Capital Grants and Contributions:					
General Government	-	8,258	2,365	12,205,050	-
Public Safety	-	9,100	-	-	-
Parks and Public Works	146,792	832,755	843,980	10,021,156	3,915,175
Community Development	-	-	-	-	-
Total Program Revenues	13,672,414	14,992,652	15,487,841	41,179,794	23,470,856
General Revenues and Special Items:					
Property Taxes	17,321,347	18,330,426	19,878,835	21,132,098	22,746,842
Sales Taxes	8,158,152	7,531,425	7,933,604	8,483,673	8,806,477
Franchise Taxes	2,475,916	2,495,792	2,499,463	2,822,515	3,074,624
Other Taxes	2,726,743	1,911,774	1,126,887	2,042,580	2,292,008
Motor Vehicle in Lieu	14,689	24,526	23,058	35,624	34,406
Developer Fees	-	-	-	1,735,571	614,820
Investment Earnings	1,809,128	2,428,470	227,136	(1,278,978)	797,587
Sale of Property	-	-	-	-	-
Miscellaneous	2,407,840	323,940	1,528,039	755,400	1,029,864
Insurance recoveries	-	-	-	-	1,565,000
Total General Revenues and Special Items	34,913,815	33,046,353	33,217,022	35,728,483	40,961,628
Change in Net Position	\$ 4,350,192	\$ 31,922	\$ (1,859,746)	\$ 24,188,479	\$ 15,115,281

Concluded

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [Linda Reiners](#)
Subject: Re: deskitem.ballot_measure_general_sales_tax_advisory_measure_with_attachment
Date: Monday, July 29, 2024 1:41:57 PM
Attachments: [inky-injection-inliner-209b06d63f3139b75bda7129634c80da.png](#)
[inky-injection-inliner-6f42d488d348cfd86b9497caf9f6a.png](#)
[inky-injection-inliner-6f42d488d348cfd86b9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b75bda7129634c80da.png](#)

[EXTERNAL SENDER]

Gitta,

To help frame the conversation for the sales tax discussion, I will provide you with a list of questions that perhaps you could answer in advance and distribute to the FC prior to the meeting. This should save us a lot of time.

Thank you.

Phil Koen
Sent from my iPhone

On Jul 29, 2024, at 11:59 AM, Gitta Ungvari <Gungvari@losgatosca.gov> wrote:



Good afternoon Chair,

I will include this item as a background material with the rest that I have received last week.

Thanks,

Gitta

From: Phil Koen [REDACTED]
Sent: Saturday, July 27, 2024 3:15 PM
To: Gitta Ungvari <Gungvari@losgatosca.gov>
Subject: deskitem.ballot_measure_general_sales_tax_advisory_measure_with_attachment

[EXTERNAL SENDER]

Please include this in the Aug 5 FC package as background material.

Thank you

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Cc: [REDACTED]; [Gabrielle Whelan](#)
Subject: RE: Draft Agenda for August 5, 2024 Special Meeting
Date: Monday, July 29, 2024 3:36:38 PM
Attachments: [image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Hello Gitta,

Thank you for your email. Please see my comments in **red below**. Hopefully, this captures what we intend to discuss.

Phil Koen

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Monday, July 29, 2024 2:59 PM
To: Phil Koen [REDACTED]
Cc: [REDACTED]
Subject: RE: Draft Agenda for August 5, 2024 Special Meeting
Tow



External (gungvari@losgatosca.gov)



Good afternoon Chair,

Please confirm the below draft agenda language by July 29, 2024 at 5 p.m. Please note that #1 and #3 are a bit longer than what you originally sent to me because the Brown Act requires all agenda items to describe what the Commission is intending to discuss.

1. Discuss the Draft Resolution **and correspondence from the Finance Commission Chair dated June 29, 2024** that was Presented to the Town Council Regarding a Proposed Tax Measure, Including the **finding Town revenues have not kept pace with the costs of providing Town services and programs to residents and to review Staff's documentation which supports this finding.**
2. Review the **status of the Enterprise Resource Planning System Upgrade Project (6101) including but not limited to reviewing the statement of work, projected cost**

vs approved capital plan, and timing for implementation vs approved implementation plan.

3. Review of Select high dollar value Capital Projects in the FY 25 CIP Budget as to current status vs the originally approved capital plan and to Better Understand the Capital Project tracking and reporting Process

Thanks,

Gitta

From: Gitta Ungvari

Sent: Tuesday, July 23, 2024 7:39 AM

To: Phil Koen [REDACTED]

Cc: [REDACTED]

Subject: Draft Agenda for August 5, 2024 Special Meeting

Good morning Chair,

Please see draft agenda for the Finance Commission special meeting per the information you provided.

1. Discussion of the Finance Commission Chair Letter to the Town Council Regarding the Sales Tax Proposal and the Proposed Resolution Drafted by Staff.
2. Status Review of the Largest Capital Improvement Projects
3. Review of the Enterprise Resource Planning System Implementation Project

Please confirm the draft agenda by July 25 at 5 p.m.

Thanks,

Gitta

p.s. I will be travelling and will have limited email access. I will be at the office on Thursday July 25th.

Questions for the Director of Finance

1. Using the Statement of Activities as the “source of truth,” please provide the analysis which supports the finding “Town revenues have not kept pace with the costs of providing Town services and programs to residents” over the past 10 years.
2. Was any analysis ever presented to the Town Council in support of the above finding?
3. Staff presented to the Town Council a report dated February 15, 2024 titled “Provide Direction on Any Ballot Measure to Consider for Polling” which made the claim “while costs of providing services and programs for residents have significantly increased over the years, Town revenues have not kept pace”. This report was coordinated with the Town Manager, Town Attorney and Director of Finance. Please provide the financial analysis which lead the Staff, including the Town Manager and Town Attorney, to this conclusion.
4. At the July 1, 2024 Town Council meeting, Council Member Moore stated, “if the Town is projecting, over the next two to five years, we will have to cut services, we have to tell that story more”. Is there a forecast the Staff has published which supports Council Member Moore’s comment that the Town will have to cut services? If so, please attach the forecast for the Finance Commission’s review.
5. The town produces two different sets of financial statements – Government-wide statements and Fund Financial Statements. Which set of financial statements assesses the finances of the Town in its entirety, including operating results? Which set of financial statements evaluates whether the Town’s current year revenues were sufficient to pay for current year services?

Questions for the Town Attorney

1. Who drafted the proposed resolution and what was the internal review process?
2. The draft resolution states “the Town Council finds and determines that each of the findings set forth above are true and correct.” What is the legal significance of making this determination?
3. Are findings legally required?
4. What risk does the Town incur if, after passing the resolution, any of the findings are determined to be false? Does this invalidate the resolution? Could this expose the Town to a legal challenge?
5. What responsibility do individual Council Members have to verify the accuracy of the findings are “true and correct” before making the determination or is it sufficient to rely solely on Staff’s representations?

From: [Phil Koen](#)
To: [Gitta Ungvari](#); [Gabrielle Whelan](#)
Cc: [REDACTED]
Subject: Agenda item 1 - advance questions
Date: Monday, July 29, 2024 6:53:02 PM
Attachments: [Questions for the Director of Finance.docx](#)

[EXTERNAL SENDER]

Hello Gitta,

It would be very helpful to have the attached questions answered and provided to the Finance Commission in advance of the meeting. This will allow the Commission to review the responses prior to the meeting and focus on follow up questions if necessary. This will allow an efficient use of our time. Thank you.

Phil Koen

From: [Phil Koen](#)
To: [Gitta Ungvari](#)
Subject: Re: Draft Agenda for August 5, 2024 Special Meeting
Date: Wednesday, July 31, 2024 8:42:04 AM
Attachments: [image001.png](#)
[image002.png](#)
[inky-injection-inliner-209b06d63f3139b7bbda7129634c80da.png](#)
[inky-injection-inliner-6f42d488d348cfd86bff9497caf9f6a.png](#)
[inky-injection-inliner-6f42d488d348cfd86bff9497caf9f6a.png](#)
[inky-injection-inliner-209b06d63f3139b7bbda7129634c80da.png](#)
[image001.png](#)
[image002.png](#)

[EXTERNAL SENDER]

Hello Gitta,

Thank you for your email. I would request you prepare written responses to the questions and distribute the responses to the FC in advance of the meeting. This will be more productive and should enable the FC to quickly complete our work for that agenda item.

Thank you,

Phil Koen
Sent from my iPhone

On Jul 31, 2024, at 8:26 AM, Gitta Ungvari <GUngvari@losgatosca.gov> wrote:



Good morning Chair,

Thank you for the agenda language. In addition, we are prepared to discuss the questions that you provided yesterday at the special meeting.

See you on Monday,

Gitta

From: Phil Koen [REDACTED]
Sent: Monday, July 29, 2024 3:37 PM
To: Gitta Ungvari <GUngvari@losgatosca.gov>
Cc: [REDACTED] Gabrielle Whelan <GWhelan@losgatosca.gov>
Subject: RE: Draft Agenda for August 5, 2024 Special Meeting

[EXTERNAL SENDER]

Hello Gitta,

Thank you for your email. Please see my comments in **red below**. Hopefully, this captures what we intend to discuss.

Phil Koen

From: Gitta Ungvari <GUngvari@losgatosca.gov>
Sent: Monday, July 29, 2024 2:59 PM
To: Phil Koen [REDACTED]
Cc: [REDACTED]
Subject: RE: Draft Agenda for August 5, 2024 Special Meeting
Tow



External
(gungvari@losgatosca.gov)



GUARDIAN

Good afternoon Chair,

Please confirm the below draft agenda language by July 29, 2024 at 5 p.m. Please note that #1 and #3 are a bit longer than what you originally sent to me because the Brown Act requires all agenda items to describe what the Commission is intending to discuss.

1. Discuss the Draft Resolution and correspondence from the Finance Commission Chair dated June 29, 2024 that was Presented to the Town Council Regarding a Proposed Tax Measure, Including the finding Town revenues have not kept pace with the costs of providing Town services and programs to residents and to review Staff's documentation which supports this finding.
2. Review the status of the Enterprise Resource Planning System Upgrade Project (6101) including but not limited to reviewing the statement of work, projected cost vs approved capital plan, and timing for implementation vs approved implementation plan.
3. Review of Select high dollar value Capital Projects in the FY 25 CIP Budget as to current status vs the originally approved capital plan and to Better Understand the Capital Project tracking and reporting Process

Thanks,

Gitta

From: Gitta Ungvari
Sent: Tuesday, July 23, 2024 7:39 AM
To: Phil Koen [REDACTED]
Cc: [REDACTED]
Subject: Draft Agenda for August 5, 2024 Special Meeting

Good morning Chair,

Please see draft agenda for the Finance Commission special meeting per the information you provided.

1. Discussion of the Finance Commission Chair Letter to the Town Council Regarding the Sales Tax Proposal and the Proposed Resolution Drafted by Staff.
2. Status Review of the Largest Capital Improvement Projects
3. Review of the Enterprise Resource Planning System Implementation Project

Please confirm the draft agenda by July 25 at 5 p.m.

Thanks,

Gitta

p.s. I will be travelling and will have limited email access. I will be at the office on Thursday July 25th.