



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

MEETING DATE: 05/04/2026

ITEM NO: 1

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DATE: May 4, 2026  
TO: Finance Commission  
FROM: Chris Contantin, Town Manager  
SUBJECT: Continue to Review and Discuss the Preliminary Proposed FY 2026-27 Operating and Capital Budget, and Provide Preliminary Comments and Recommendations Regarding the Proposed Budget

**RECOMMENDATION:**

1. Continue to discuss, comment, and begin to make recommendations to the Town Council regarding the Proposed FY 2026-27 Operating and Capital Summary Budget.
2. Provide written comments and recommendations on the FY 2026-27 Operating and Capital Budget to the Town Council in accordance with Town Code section 2.30.295(6).
3. Provide review and written recommendations on the proposed use of Measure G funds.

**BACKGROUND:**

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties state that:

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

**PREPARED BY:** Kristina Alfaro  
Administrative Services Director

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Reviewed by: Town Manager and Town Attorney

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- (B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

DISCUSSION:

On April 20, 2026, the Proposed FY 2026-27 Operating and Capital Budgets were posted to the Town's website, and the links (listed below) were provided to the Finance Commission. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 19, 2026, the first meeting at which the Town Council will consider the Proposed Budgets.

Proposed Operating Budget:

<https://www.losgatosca.gov/3067/Proposed-FY-2026-27-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/3068/Proposed-FY-2026-27-Capital-Budget>

Pursuant to Municipal Code Section 2.50.225(6), the Finance Commission shall review proposed expenditures and advise the Town Council whether such expenditures meet the Town Council's objective for the Measure G tax. In the FY 2026-27, all Measure G proceeds are allocated to support public safety operations. This approach supports the following Measure G objectives: (a) maintaining and enhancing neighborhood police patrols and local crime prevention programs, and (d) maintaining the Town's long-term financial stability. Staff requests the Finance Commission's review and recommendation regarding the proposed allocation of Measure G funds.

At its special meeting on April 27, 2026, the Finance Commission received a comprehensive review of the operating and capital budget, and the Commission identified two areas requiring additional information and one recommendation for the Commission's consideration. The Commission requested additional information on historic overtime costs and how changes to the fixed asset policy have impacted Town finances. A recommendation was made to consider adding resources for capital project management.

Overtime analysis includes FY 2021-22 data through the FY 2026-27 April 17<sup>th</sup> paycheck. Historically, by fiscal year overtime costs have averaged \$1.3 million. With most of the costs, approximately 96% or \$1.2 million, in the police department. Within the police department, vacancy overtime has averaged approximately \$0.6 million over the past three full fiscal years, representing on average 50% of total overtime. The overtime analysis is included in Attachment 1.

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The fixed asset process was updated prior to June 30, 2010, and is included in the Annual Comprehensive Report (ACFR) and not the budget. Staff do not have data to provide that would show any financial impacts.

The Commission will conclude its discussion on the FY 2026-27 Operating and Capital Budget at its regular meeting on May 11, 2026.

The process for ensuring responses to Commissioner questions and timely recommendations to the Council is as follows:

- On or before the end of the day on Wednesday, May 6, 2026 - Finance Commissioners will send their written comments/recommendations to the Town Manager.
- May 11<sup>th</sup> Finance Commission Meeting – Commissioners will, by majority vote, make recommendations for Council’s consideration.

At the conclusion of the regular Finance Commission meeting on May 11, 2026, the Finance Commission is expected to finalize its comments and recommendations and provide them to the Town Manager through a vote, which will be transmitted to the Town Council at a public hearing on May 19, 2026.

CONCLUSION:

Staff look forward to the Commission’s questions, discussion, comments, and recommendations.

Attachments:

1. Townwide Overtime Analysis