



Annual Report

TOWN OF LOS GATOS FY 2007/2008

We are pleased to present to you the Town of Los Gatos Fiscal Year 2007/08 Annual Report.

It covers the period from July 2007 through June 2008, and highlights the activities and accomplishments of the Town organization in meeting the needs of this special community.

In past issues of the Annual Report, we have highlighted particular types of activities to give the community more in-depth insight into its local government. Previous highlights have included volunteer opportunities, communication methods, and maintenance and improvements to publicly-owned physical assets in the Town.

This year, we are featuring several significant projects that were launched during FY 07/08.

See the right-hand column on this page for an overview of these efforts.

The articles in this Annual Report are categorized by service area, and include Community Programs and Outreach; Community Development, Housing and Planning; Parks and Open Space; Transportation and Infrastructure; Public Safety; and Awards and Recognition. In addition, you'll find the Fiscal Overview for FY 2008/09 on the back page. We invite you to read the report, share it with your friends and neighbors, and give us your feedback and ideas.

— Greg Larson, Town Manager
manager@LosGatosCa.gov

Key Projects Launched

On a daily basis, Town employees provide a wide range of services to the residents and businesses. From paving the streets to patrolling the neighborhoods to cleaning the parks, the Town strives to make Los Gatos a safe, attractive and enjoyable place to live, work and visit. While the Town provides these services routinely, your local government also undertakes major projects to enhance the community. FY 2007/08 marked the beginning of three very important such projects for Los Gatos: a new police operations building, a new library, and the General Plan Update.

This Annual Report outlines the initial steps taken on these three projects during the past fiscal year. While the police operations building will be completed in 2009, the other two will span multiple years. All of the projects will have far-reaching positive impacts into the future.

The police operations building will enable the Police Department to better serve the community by providing a facility with sufficient space and advanced technology. The location on Los Gatos Boulevard will also expand police presence on the east side of Town. Police headquarters will remain at Town Hall.

Another project that will benefit the community is the planning for a new library adjacent to Town Hall. The existing library has been serving the public since the 1960s, when Los Gatos' population was about 9,000. The new library will offer quiet reading areas, children's story time space, computer stations, and much more.

Third, the Town launched the General Plan Update designed to bring our community General Plan up-to-date and to add goals and policies in three focus areas: the environment; senior and youth services; and community recreation. Town residents and businesses will have many opportunities to participate in updating this blueprint for Los Gatos' future.

Read about these exciting new projects and more in this year's *Annual Report*.

Town Council

Barbara Spector
Mayor

Mike Wasserman
Vice Mayor

Steve Glickman

Diane McNutt

Joe Pirzynski



As you read this Annual Report, you'll see accomplishments that illustrate the principles of *Small Town Service, Community Stewardship, Future Focus*. We invite you to read on about the efforts the Town is making to keep Los Gatos a special community, with your help.

Library Services

Radio Frequency Identification System (RFID) Installed

In Spring 2008, the Library completed the installation of an RFID (Radio Frequency Identification) system for the management and security of circulating collections. Approximately 135,000 items were tagged, much of the work completed by Library volunteers. Customers have enthusiastically embraced the new technology, finding the self-service tool very efficient and easy to use when checking out library materials.

Library Programs

During FY2007/08, the Library and the Friends of the Library continued to present outstanding programs for all ages. Thousands of children and adults attended story times, puppet shows, author presentations, book club meetings for children and adults, and many other educational and enjoyable sessions.

Friday Forums

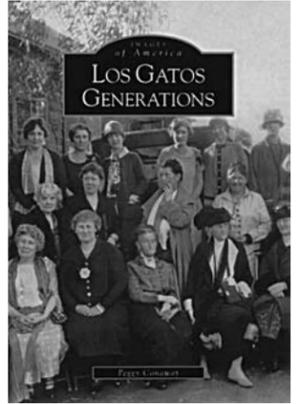
The Friends of the Library continued their series of popular Friday Forums. Nadia Tarzi, founder and Executive Director of the Association for the Protection of Afghan Archaeology, presented the first Friends of the Library Friday Forum for 2007/08. Her talk was illustrated with photographs of

Afghanistan's endangered culture.

Additional forums included Bo Caldwell, Silicon Valley Reads feature author of *Distant Land of my Father*; Dr. David Lynch, author of *Field Guide to the San Andreas Fault*; and local columnist, Leigh Weimers, who recounted his life as a journalist in his latest book, *Silicon Valley: A 100 Year Renaissance*. The music of teen harpist Mary Kate Kane was featured at the Friends December holiday program. Three generations of Ms. Kane's family performed as a quintet.

Publication of Los Gatos Generations

Los Gatos Generations by Library Director Peggy Conaway was published in October 2007. The book contains more than 200 historical photographs taken over a period of approximately 100 years and is available for check-out at the Library. Copies may be purchased at the Library, the Museums of Los Gatos, at local bookstores and through online book retailers. Proceed's benefit the Town's history project and the Friends of the Library.



New Library On Its Way

In October 2007, the Town Council gave the go-ahead to begin planning for a new library to be built adjacent to Town Hall. The Town's existing 14,000 square foot library was built in the 1960s when Los Gatos' population was about 9,000. With a population today of about 30,000 and the high levels of usage (over 200,000 visits per year and growing), the current library is under-serving the community.

Actually, the interest in building a new library dates back to the early 1980s when the Town Council discussed the space needs of the Library and the Police Department, as well as the possibilities for obtaining a site to build a new library. In the late 1980s, properties on Villa Ave. and Fiesta Way were acquired with expansion of the Civic Center and Library in mind. The Civic Center Master Plan, adopted by the Council in June 2007, identified expanded police and library facilities as the top priorities.

In April 2008, the Town hired Noll & Tam Architects to provide conceptual design services for the new library. No new taxes will be levied to pay for the new library; rather, Redevelopment Agency funds and existing reserves are the financing sources.

The new library will be a two-story building of about 30,000 sq. ft., similar to other communities of Los Gatos' size. The building will provide adequate room for the library collections, as well as a technology room, group study areas, quiet reading areas, an expanded children's section, designated space for teens, a storytelling area, and protected wall cases for the Town's history collection.

Stay tuned for opportunities to provide input into the conceptual and then the final design. And mark your calendars to attend a grand opening in the Fall of 2011!

Special Events

Los Gatos celebrated its small town style this year with a series of free hometown community events. Residents enjoyed art exhibits, outdoor concerts, movies, games and old fashioned family fun at these community celebrations sponsored by the Town of Los Gatos this year:

Music in the Park

This extremely popular concert series began in 1988 and brings a diverse program for music lovers of all ages. The summer's concerts included musical selections such as rock, opera and swing. Music in the Park is well attended and continues to grow in popularity each summer. All of the production costs are paid for by private donations from local businesses and residents. The Arts Commission is proud of this local sponsorship base and extends its warm thanks to all of the concert sponsors.

Second Chance Week — Donation Drive

Second Chance Week was held October 15 – 19 by the Community Services Department. This annual event is a grassroots campaign to promote public awareness on waste diversion through reuse, repair and recycling. Over 3,500 pounds of donated goods and more than 100 pairs of eyeglasses were collected during the week. The event brought out many generous and thoughtful donors. Community members commented that they were proud to be a part of a community that continuously organizes this type of event to benefit our local non-profits providing to those in need. Donated items were distributed to InnVision, EHC Lifebuilders, Next Door Solutions to Domestic Violence and St. Lukes Pantry Program. Donated eyeglasses were given to the Los Gatos Lions Clubs "Lions In Sight" program, who then gives the refurbished glasses to people in third world countries.

Los Gatos Celebrates the 4th of July 2008

The eighth annual "Los Gatos Celebrates the 4th of July" event remained true to its theme of old-fashioned family fun and entertainment. Sponsored by the Town, local businesses and community groups, this all-day event included food, games, food, music and more! The event concluded with a twilight Music in the Park concert and dancing under the stars. It is estimated that 3,500 people attended throughout the day.

Community Garage Sale

The annual Community Garage Sale is a joint effort between the Town of Los Gatos, City of Monte Sereno and County of Santa Clara. As a part of our "green" efforts, this event is organized to encourage community members to resale, recycle or donate unwanted goods reducing the amount of solid waste heading to the landfill. In fact, because of this and other waste diversion and recycling programs, the Town has met and exceeded the state mandate to divert at least fifty percent of its waste from the landfill. This year's successful event was held on Saturday, May 17 with more than 225 homes and service clubs participating.

Screen on the Green

Oak Meadow Park became a large outdoor theatre for this fun-filled family event. Screen on the Green was held in September and families were invited to join us for an evening of entertainment under the stars. Featured on a 25' inflatable screen was a short film from the Los Gatos Cinecats Film Festival followed by our feature presentation, Disney's *The Incredibles*.

Sister City Listowel Visits Los Gatos

Over the past several years, the Town's Sister City, Listowel, Ireland has visited Los Gatos to celebrate the cultural, economic and social connections between the two communities. In Spring 2008, delegates from Listowel and Tralee, known for the successful Tralee Technology Institute, came to Los Gatos and

enjoyed a guided walking tour of downtown Los Gatos and local events. Led by Jimmy Dennihan, Irish Parliament Representative, the international visitors met with several local businesses to promote Irish expansion opportunities and better understand the Town's business attraction and retention strategies.

Town Launches New Community Outreach Program

The Town has launched an innovative outreach program to welcome new residents to the Los Gatos community. In May 2008, the Los Gatos/Monte Sereno Police Department began to send uniformed police volunteers from its Volunteers in Policing program to the homes of new residents and personally welcome them to the community. Residents receive a packet containing welcome letters from the Town Manager and Chief of Police, followed by information about Town services, local businesses, home security and crime prevention. Also included are police pins, stickers, and badges for children and gift certificates from local merchants.

The Town realized that when a new resident enters the community, it creates an opportunity to introduce them to the high quality services provided by the Town. The Police Department's initial effort to test this program resulted in favorable feedback. People were impressed that someone would take the time to personally introduce them to the Department

and Town services. The Town also believes that this program helps residents to feel comfortable in calling the Police Department when they see something suspicious.

The Community Outreach program allows the Town's police volunteers to participate in the Town's goal of connecting with the community in a very visible and supportive way. Volunteers receive great satisfaction in representing the Town to new residents. The new outreach effort also enhances the many services already provided by the Volunteer in Policing program including vacation home checks, community patrol, and special event staffing.

The program was made possible through a collaborative partnership between local realtors, title companies and the Police Department. Realtors make prospective buyers aware of the service and title companies provide information regarding recent home sales. After the close of escrow, the Town contacts new residents and follows up with a personal visit to their home.

Community Development, Housing, and Planning

Noteworthy Projects

Los Gatos is a truly special place and residents want to protect their community from the increasing development pressures of the region. Accordingly, the Town evaluates all proposed new planning permits in light of their overall community benefit. The Town General Plan guides Town staff and decision makers in this process and discusses issues such as scale of development, historic preservation, density and intensity, population growth, congestion, open space, views of the hills, the type of businesses located in town, protection of the various neighborhoods, and community design. This year, a number of noteworthy projects were considered and/or approved. Below are brief descriptions of each:

Adoption of New Building Codes

In December 2007, the Town adopted the California Building and Fire Code which became effective January 1, 2008. Town staff continues to work with architects, engineers, contractors, and residents to ensure a smooth transition and that construction work is completed in a manner that adequately addresses life, health, and safety issues.

Senior Housing Solutions

Senior Housing Solutions (SHS), formerly called Project Match provides affordable housing to very low income seniors with annual incomes of less than \$12,000. Last year, the Town awarded \$832,700 to SHS to purchase and rehabilitate a home in Los Gatos for very low income senior housing. A home was purchased at 185 Anne Way and will undergo an interior remodel. This project will create a housing opportunity for five very low income seniors.

New Office Buildings Approved

In Summer 2008, the Town approved two well designed, high quality office projects in Town:

15720 – 15736 Winchester Boulevard

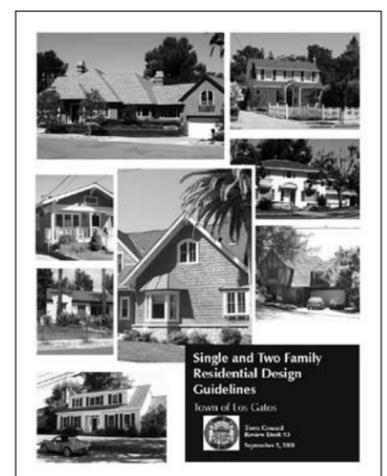
Located on the east side of Winchester Boulevard at the intersection of Daves Avenue, the 15720 - 15736 Winchester Boulevard project will be a 15,510 square foot, three story office building. The structure will have a Mediterranean architectural style with plaster walls and a tile roof. Construction is scheduled to begin in 2009.

14481 National Avenue / 14830 Los Gatos Boulevard

The 14481 National Avenue / 14830 Los Gatos Boulevard development is a 20,600 square foot, three story medical office building, located at the northern gateway to the Town from South Bascom Avenue and Highway 85. The project is bounded by Los Gatos Boulevard to the west, Samaritan Drive to the north, and National Avenue to the east. Like the Winchester Boulevard office building project, the building will have a Mediterranean architectural style and construction is scheduled to begin in 2009.

Residential Design Guidelines

Over the past three years, the Town has been working to develop revised Residential Design Guidelines (RDG). The revised guidelines comprehensive regulations to assist property owners and developers through the development review process. The updated RDG will be considered by the Council in Fall 2008.



Economic Vitality Program Markets Los Gatos

Each year, the Town coordinates seasonal marketing campaigns to build visitor awareness through destination marketing efforts and to encourage Los Gatos residents to shop locally. This approach helps to ensure a vital marketplace that provides goods and services for the community and revenue to support park, library, public safety, street maintenance, and other municipal services. Over the past year, the Town focused on two key marketing efforts:

Summer Marketing Commercial Highlights Los Gatos

Working in partnership with Comcast Cable, the Town developed a summer advertising commercial that highlighted Los Gatos shops, restaurants, hotels, and wineries. The commercial was aired during the months of July, August, and September on *CNN Morning News*, *Food Network*, *HGTV* (Home and Garden Television), and the *Travel Channel*. Designed to reach residents and regional visitors, the commercial was broadcast in over 331,000 households throughout Santa Clara County and parts of San Mateo County.

Los Gatos Hosts Travel Writers' Press Trip

Los Gatos continues to be a compelling travel destination thanks to the regional, national, and world-wide notoriety of local wineries, restaurants, retailers, and boutiques. In May 2008, the Town and Los Gatos Chamber of Commerce hosted the first Los Gatos Travel Writers' Press Trip, attracting 12 travel journalists from California. The travel writers enjoyed tours of local restaurants, hotels, wineries, and spas which will be featured in various publications and magazines in the coming months.

Los Gatos Goes Green

The Los Gatos Town Council made climate protection a top priority when it voted to pass a resolution adopting the Local Governments for Sustainability (known as ICLEI – International Council for Local Environmental Initiatives) Cities for Climate Protection Campaign (CCP). The CCP is an innovative campaign that helps local government and communities to reduce greenhouse gas emissions and their impact on the environment. The Town will seek to meet five milestones to reduce both greenhouse gas and air pollution emissions throughout the community.

The five milestones are:

- Conduct a greenhouse gas emissions inventory and forecast to determine the source and quantity of greenhouse gas emissions in the jurisdiction.
- Establish a greenhouse gas emissions reduction target.
- Develop an action plan with both existing and future actions which, when implemented, will meet the local greenhouse gas reduction target.
- Implement the action plan.
- Monitor and report progress.

Ongoing climate protection activities will continue to be a priority throughout the process of development of the emissions study and goal setting. Some notable environmental accomplishments include:

Sustainable Buildings

On June 2nd, 2008, the Los Gatos Town Council passed a resolution to adopt the following three sustainable building policy recommendations made by the Santa Clara County Cities Association's Green Building Collaborative:

- Adopt the U.S. Green Building Council's LEED rating system for municipal and commercial buildings and Build-It-Green's GreenPoint Rated system for residential buildings as the official green building standards for the Town of Los Gatos.
- Require the submittal of a completed LEED or GreenPoint Rated checklist to the Town as part of a planning application for construction projects.
- Adopt a policy for achieving LEED Silver certification or better for all new municipal construction and renovation projects over 5,000 square feet.

Both systems award points for many of the same variables. Rated areas include energy efficiency, indoor air quality, water conservation and material selection. These policies reduce Los Gatos' environmental "footprint" and further the Town's ability to "promote a sustainable community by protecting environmental needs without compromising the ability of future generations to meet their needs," an integral part of Los Gatos' General Plan.

For more information on the LEED rating system, visit www.usgbc.org.
For information on the GreenPoint system, visit www.builditgreen.org.

Hybrid Vehicles

The Town purchased a Ford Escape hybrid for use by the Building Department. As new vehicles are purchased, replacement with an alternative fuel vehicle is considered whenever possible and practical. The Town also has a large fleet of Compressed Natural Gas (CNG) vehicles that use the Town's CNG station. CNG vehicles have extremely low CO2 emissions and CNG fuel costs are lower. The City of Saratoga also uses the Town's fuel station for their CNG trucks.

Bachman Park Irrigation Improvement

The lawn area at Bachmann Park was renovated to replace the outdated irrigation system. The new irrigation system was designed with input from the Santa Clara Valley Water District and includes water saving devices to irrigate the lawn in a much more efficient manner. The former irrigation system's efficiency rating was 5%. The new system will be closer to 100% efficient. The Town will review water usage and irrigation at other parks and facilities to make improvements whenever possible.

Climate Protection activities have become a part of doing business today. Going "green" means moving toward environmentally sustainable practices whenever possible and seeking to use resources in a more efficient, environmentally friendly way. The Town evaluates every opportunity to make choices that have the least impact to the climate.

General Plan Update

The Town launched the General Plan Update process in FY2007/08. This effort is intended to be a fine-tuning of the existing General Plan, providing an opportunity to refine existing policies and identify outdated information and new issues. State law also requires that the Housing Element be updated by January 2009.

In May 2008, a General Plan Update Advisory Committee (GPUAC) was established to advise the Council on the General Plan Update process. The GPUAC is comprised of nine members of the General Plan Committee, including two Town Council Members and three Planning Commission Members, and ten residents appointed by the Council. Topics identified by the Council for review as part of the Update include Recreation, Parks and Open Space, Sustainability and Green Building, and the Needs of Youth and Seniors. The first community meeting will be held on November 1 to seek public input on these General Plan Update items.

You can view the General Plan on the Town's website www.LosGatosCa.gov/generalplan. Information about the General Plan Update process can be obtained by subscribing to the Town electronic mailing list www.LosGatosCa.gov/notifyme. Additional information about the GPUAC can be found at www.LosGatosCa.gov/GPUAC.

Business Vitality

Los Gatos commercial and retail districts continued to perform well last fiscal year. Office and Research and Development (R&D) parks held steady over the year with a 92% occupancy rate. Neighborhood centers and businesses along Los Gatos Boulevard maintained high occupancy rates of 91%, with all neighborhood commercial centers experiencing few tenant changes.

Downtown continued to be one of the strongest retail marketplaces in the Bay Area, providing customers with a unique shopping environment. Although several downtown retailers, such as Sharper Image and Baker's Square were lost due to corporate changes, downtown welcomed many new businesses:

- Anteo French Home Furnishings
- Aldo's Deli
- Azuca Boutique
- Baby-Coo Organic Baby Clothing
- Bells and Whistles Toy Store

- Bianco Home Decor
- Bugs & Butterfly Photography
- Chicago Steak & Fish
- Cin-Cin Wine Bar
- Fleming-Jenkins Winery
- Hobee's Restaurant
- Joy de Cocoa
- Karma Boutique
- Modern Mini
- Nick's on East Main
- Photograph
- Purple Onion Café
- Shoe Fetish
- Tea River

The Town continues to monitor all commercial and retail trends, identifying opportunities for business retention and attraction to ensure an economically vibrant community.



E-Commerce

Los Gatos continues to move forward with technology enhancements to better serve the community. Online payments for selected building and planning permits, park reservations, and business licenses and renewals are expected to be available by the end of the calendar year. Additional e-government services, such as customer request tracking will be explored to improve service delivery.

The Town also upgraded its financial and human resources information database system. The database offers a centralized payment processing system, enabling the Town to accept credit cards at all of its facilities including Town Hall, Neighborhood Center, Library, and Service Center. The new system provides real-time access to fiscal, purchasing and budgeting information and an employee center to manage personnel information.

Parks and Open Space

Parks Improvements

Los Gatos parks are a valued amenity in the community. The frequent use of our parks, combined with the effects of winter and hot summer days require ongoing maintenance. During the year, many enhancements were made to park and recreational facilities:

Restroom Remodeling

The Balzer Field restroom was remodeled in FY 2007/08. The remodel project included adding a new roof and expanding the restroom facilities. The storage area at Balzer Field was also expanded.

Park Irrigation Installation

A new irrigation system was installed in Bachman Park. The system features upgraded valves, pipes, and related irrigation components. Installation of the new system will provide better coverage of the turf area and reduce water usage.

Turf Enhancements

Damaged turf was replaced at Oak Meadow Park by applying new topsoil, grading, and seeding the entire turf area. Additionally, extensive efforts were made to address the gofer and mole holes that have affected the turf. The new turf will enable local soccer teams to use the area for soccer practice.

Playlot Improvements

Playground structures that were damaged as a result of winter storms were replaced at Howes Playlot. The new playground provided new and much improved structures.



Howes Playlot



Bachman Park

Transportation and Infrastructure

Highway 9 Pedestrian and Bicycle Safety Improvements

The Town of Los Gatos, City of Saratoga, and Monte Sereno received a \$1.5 million Congestion Mitigation and Air Quality (CMAQ) grant to implement a phased plan to improve pedestrian, bicycle, and vehicular safety on Highway 9 in all three communities. Completed in FY 2007/08, the first phase of this multi-jurisdictional effort involved restriping and resigning bicycle lanes, installing lighted crosswalks, widening roads, and modifying storm drains. Noteworthy safety improvement in Los Gatos included:

- Widening of the southern side of Highway 9 from Massol Avenue to the Town limits including reconstruction of curb, gutter, and driveways

- Modifying the median at Massol Avenue to improve Highway 9 northbound traffic
- Installing a lighted crosswalk at Massol Avenue
- Restriping and resigning a bicycle lane on both sides of Highway 9 from Highway 17 to the Town limits

The second phase is currently under design and will involve pedestrian improvements throughout the Highway 9 corridor.

Road Improvements

In FY 2007/08, Elm Street, a highly traveled street in downtown was reconstructed by removing all sections of failed base and concrete surfacing. After preparing and constructing the new base, the street was resurfaced with asphalt and striped, significantly improving the roadway.

Public Safety

Building Purchased for Police Operations

To address critical operational space needs, the Town purchased the Verizon building located at 15900 Los Gatos Boulevard to use as a police services building. The new Operations Police Services building will provide the Police Department approximately 12,000 square feet of additional space. Operational services, including patrol, investigations, property and evidence, and emergency preparedness will be provided at the new facility. The Police Department will continue to have a presence at the Civic Center, handling customer service inquiries, parking citations, and other administrative responsibilities. It is anticipated that construction will begin in early 2009, with occupancy in Fall 2009.

Los Gatos Prepared Campaign

In October 2007, the Town held its second annual Los Gatos Prepared Campaign in recognition of the October 17, 1989 Loma Prieta Earthquake. The educational campaign focused on teaching families how to be self-sufficient for at least 72-hours after an earthquake and 2-4 weeks in the event of a major health crisis.

Los Gatos/Monte Sereno Police Department staff and Community Emergency Response Team (CERT) volunteers staffed open houses at four commercial locations throughout town including North Santa Cruz Avenue Safeway downtown, Pollard Road Safeway in west Los Gatos, Union Avenue Safeway in east Los Gatos, and Los Gatos Boulevard Ace Hardware. Preparedness materials, including emergency supply checklists, family



communication plans, and preparedness tips were provided to residents and businesses. Open house visitors were also encouraged to sign up for free CERT training courses to learn about disaster psychology, light search and rescue, fire safety and basic first aid.

Information about Los Gatos Prepared Campaign can be found on the Town website www.losgatosprepared.org

On the Horizon

Community Sports

In June 2007, the Town Council took several actions aimed at enhancing local sports facilities available for the community and youth. The actions included expanding the time that Oak Meadow Park can be used for organized soccer practice, preparing Master Plans for Balzar Field and Blossom Hill Park (the Town's two parks with sports facilities), and creating an ad hoc interagency task force to identify and secure land for community and youth sports facilities. All of these actions will get underway in FY 2008/09.

Multi-Year Projects

In this Annual Report, you've read about three major projects launched in FY 2007/08: the new police operations facility, the new library and the General Plan Update. All of these projects span more than one fiscal year, so you will hear more about them in FY 2008/09. For the police facility, look for a grand opening. A conceptual design, leading to the preparation of a final design, will be the key steps on the library project. You'll also hear about many opportunities to weigh in on goals and policies for the General Plan Update. Track the progress of these and many other Town projects and issues on the Town's website www.LosGatosCa.gov.

Community and Business Recognition

28th Year Tree City USA Award

Los Gatos received the distinguished Tree City USA Award for the 28th consecutive year, an achievement for the entire community to be proud of. The Tree City USA program is sponsored by the National Arbor Day Foundation, in cooperation with the National Association of State Foresters and the U.S. Forest Service. To become a Tree City USA, a community must have the following: a tree board or department, a tree care ordinance, a comprehensive community forestry program, and an Arbor Day observance. The Town continues to meet these requirements, and observes National Arbor Day annually with a tree planting ceremony.



NorCal Solar Energy Association – City Solar Award

The Town of Los Gatos received 2nd place from the NorCal Solar Energy Association for the number of solar projects installed in a medium-sized city. The Town had a total of 149 solar installations for the year measured. The innovative solar recognition program, called the City Solar Awards (CSAs), recognizes cities for the amount of solar photovoltaic (PV) technology installed on homes, businesses and municipal buildings. The CSAs raise public awareness about the benefits of solar technology and develop a spirit of friendly competition between municipalities that encourage the creation of specific solar goals. The awards are based on the total amount of grid-tied PV installations on all buildings.

Budget Recognition and Awards

- The Town received the Government Finance Officers Association (GFOA) **Distinguished Budget Presentation Award** for Fiscal Year 2007/08. In order to earn this award, the Town budget must be rated as proficient in four guideline categories, designed to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications guide.
- The **Certificate of Achievement for Excellence in Financial Reporting** was awarded to Town of Los Gatos by the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental, accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management. The Town's financial report was judged by an impartial panel which determined that the report demonstrated a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.
- The Town was one of 19 California cities to receive a **Capital Budgeting Excellence** award in FY 2007/08 from the California Society of Municipal Finance Officers. To receive this award, the Capital Improvement Program (CIP) must be judged by the Society to be an excellent multi-year capital financing plan; a capital operations, scheduling, and capital asset priorities guide; and an effective public communications tool.

Community & Business Recognition Awards

Every year the Town Council recognizes individuals, businesses, and organizations who touch the community in an extraordinary way. This year, the Town of Los Gatos recognized the following for their outstanding community contributions:

Los Gatos High School: Former Principal, Ted Simonson and Former Vice Principals Al Simons and Patty Hughes were honored for their distinguished service in education and commitment to the success of Los Gatos youth.

Los Gatos History Club: In honor of its 110th Anniversary, the History Club was recognized for its charitable support to the community.

Ervie Smith: Former Executive Director of the Valley Foundation and Los Gatos resident was recognized for her local leadership role in raising funds for integral community programs.

A Place for Teens/Safe Rides: Student volunteers for A Place for Teens, a youth community center and Safe Rides, a Driving Under the Influence Prevention program, were recognized for their service to the community.

Mary Ann Cook, George Sakkestad, and Leigh Weimers: These individuals were recognized for their unique professional contributions to the community.



Fiscal Perspective

A Fiscal Perspective for FY 2008/09

On June 2, 2008, the Town adopted the FY 2008/09 Operating, Capital, and Redevelopment Agency budgets for the Town. Based on sound fiscal and budgeting practices which incorporate a five-year financial forecast, these budgets establish funding policies for key services such as public safety, streets and parks, library, and community service programs.

The FY2008/09 budget is a “status quo” budget that projects low to flat growth in most major revenue categories. Within this fiscal context, the Town was able to maintain service levels established in the prior year, addressing priority areas, such as street and park maintenance, the General Plan Update process, and public safety, including the provision of a School Resource Officer at the elementary, middle, and high schools to be funded jointly with the School Districts.

The adopted FY 2008/09 balanced budget provides a limited window for the Town to continue to explore proactive budgetary solutions including potential cost sharing opportunities, alternative service delivery options, and revenue enhancement. However, these budget balancing strategies alone may not be sufficient to alleviate ongoing fiscal challenges that are predicted to occur beginning in FY2010/11.

The following sections provide an overview of Town revenue sources and how they support Town services.

For More Information

Town of Los Gatos Civic Center
110 East Main Street
Los Gatos, CA 95030

Mailing Address:
P.O. Box 949
Los Gatos, CA 95031

Telephone (408) 354-6832
Fax (408) 399-5786

Email manager@LosGatosCa.gov

Website www.LosGatosCa.gov

General Fund Sources

The General Fund supports basic Town operations and expenses. General Fund sources include various tax revenues, such as property tax, sales tax, hotel occupancy tax, and business license tax, as well as interest earnings, intergovernmental revenues, and fees charged for development services, permits, and fines and forfeitures.

Los Gatos is heavily dependent upon local economy-based revenues, with sales and use tax as the Town's primary revenue source. This revenue has experienced moderate growth the last few years, versus the high growth rates of the past. Regardless of the level of sales tax revenue, it is important to note that the Town receives only 1 cent of the 8.25 cents of sales tax per dollar of sales generated in the Town.

Property tax receipts, which include State vehicle license property tax “backfills” that replaced the loss of vehicle license fees, are the second largest source of General Fund revenues. Property and sales tax combined account for over 50% of General Fund revenues. However, for every \$1 of property tax paid by property owners in the Town, only 9.5 cents returns to the Town to pay for local services. Interest and hotel occupancy tax revenues are economically-sensitive revenues which continue to perform poorly.

General Fund Uses

Most of Town services are supported by the General Fund, with approximately 40% of its resources allocated to provide public safety, and another 20% dedicated to provide parks and public works services.

The chart to the right shows FY 2008/09 planned expenditures of \$32.5 million by service area. However, because of continuing economic uncertainty and state budget problems which pose the possibility of additional unanticipated future state property tax “takes,” future budget adjustments may occur over the next fiscal year.

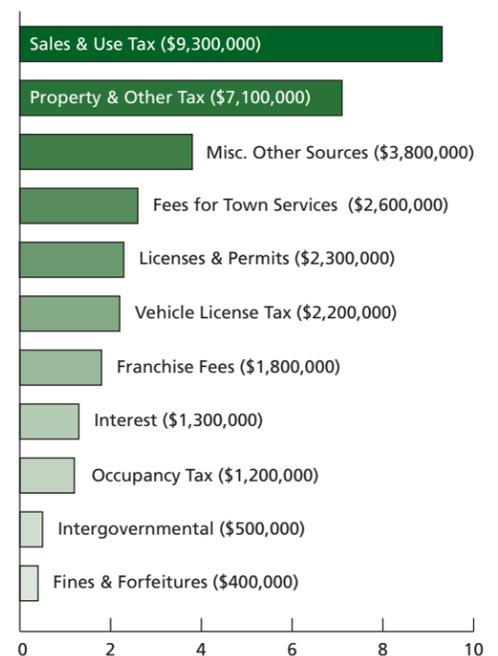
Future Outlook

Sound fiscal practices and prior budgetary actions have positioned the Town well in times of economy uncertainty. This approach enabled the Town to capture operational savings for strategic use such as investing in capital projects like street resurfacing and park improvements and maintaining library hours, police response times, and senior services during challenging economic periods.

The national, state, and local economic situation will make it difficult for the Town to maintain a balanced budget and current service levels in future years. This challenge is further compounded by the loss of economically dependent revenue as consumers and businesses adjust their spending patterns and by the rise in energy, infrastructure, and labor and benefit costs (which comprise approximately 70% of Town operating costs).

Given the projected economic climate, the Council continues to place a high priority on exploring proactive budget solutions, which include improving the Town's economic vitality and protecting revenues, while the administration explores ways to better use resources.

**General Fund Sources
FY 2008/2009
(\$32.5 Million)**



**General Fund Uses
FY 2008/2009
(\$32.5 Million)**

