



# Annual Report

TOWN OF LOS GATOS | FY 2008/2009

We are pleased to present the *Town of Los Gatos Fiscal Year 2008/09 Annual Report*. It covers the period from July 2008 through June 2009, and highlights the activities and accomplishments of the Town organization in delivering services to this special community.

This past year has been a challenging one given the severe economic recession affecting the nation, state, and region. Los Gatos is not immune to these economic trends. With sales and property taxes being the largest source of Town revenue, the decline in retail sales and property values has reduced the resources available to pay for Town services. In addition, the State of California has continued to look to local governments for revenue to balance its budget.

In spite of the economic downturn, the Town has continued to deliver a wide variety of services to residents and businesses. Inside this report you'll read about extra efforts we have taken to boost local business activity. You'll also read about two very important special projects — the new police operations building and the new library — which are moving along thanks to the capital funding that has already been appropriated for these projects.

We invite you to read on to learn more about these projects and the many other Town activities over the past year.

— Greg Larson, Town Manager  
Manager@LosGatosCA.gov

## New Community Buildings On The Way

It is both rare and exciting for new public facilities to be built. The Neighborhood Center was the last Town facility to be built in Los Gatos — and that was in 1980! Over the past year, Los Gatos was fortunate to see two new public buildings in either the planning or the construction phase.

First to be underway was the new Police Operations Building on Los Gatos Boulevard. Inside this report, you will learn more about the renovations and additions that turned this former Verizon facility into a 12,000 square foot operations center for the Police Department. In last year's annual report, we announced the purchase of the facility. This year, we're pleased to announce the opening of the operations center scheduled for shortly after this annual report arrives in your mailbox.

The second public building is the new Los Gatos Library. The article "Once in a Generation" describes the progress in designing the new 30,000 square foot library, which will be an environmentally "green" building as well as offering adequate space for a wide range of library services. The conceptual design for the library was completed last year, and groundbreaking will occur next summer.

Designing and building public facilities is a complex endeavor, requiring the expertise of many internal staff, outside consultants, and contractors. In addition, the public always has a number of opportunities to provide input. Town staff in many departments took on the responsibility for making these buildings a reality for the community, while continuing to provide the day-to-day services Los Gatans enjoy.

You will read more about these new facilities, other Town activities, and what's on the horizon for the current fiscal year in this *Town of Los Gatos Fiscal Year 2008/09 Annual Report*. As always, we welcome your feedback and ideas.

### Town Council

Mike Wasserman  
Mayor

Diane McNutt  
Vice Mayor

Joe Pirzynski

Steve Rice

Barbara Spector



As you read this Annual Report, you'll see accomplishments that illustrate the principles of *Small Town Service, Community Stewardship and 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.

## Once in a Generation Library

In last year's annual report, we announced the launching of planning for a new library. The Town's current library dates from the 1960s and has been well-used by children, teens, seniors, and the general public for nearly 50 years. Now, the community is poised to enjoy a 21st century library that will last another generation.

Over the past year, Noll & Tam, the Town's architects for this project, worked with the Library staff, library patrons, Town Council members, and the public to design a library that will function well and will complement the Civic Center complex. The conceptual plans for the site, interior and exterior design, and floor layouts were presented in several public meetings.

As to function, the two-story library will have a large children's area on the first floor, along with new book displays and a coffee cart. An elegant staircase will lead to a light-filled second floor housing fiction, non-fiction, reference, a history room, a technology room, study rooms, and a teen area.

The primary design goal is for the new library to be warm and inviting while fitting in well with the existing Civic Center buildings. To complement Town Hall and the Neighborhood Center, the exterior of the new library will be a combination of porcelain tile and wood. With its variation in color, the tile will have the appearance of natural stone without the maintenance challenges stone presents. The color of the wood will be in the same family as the red brick Town Hall. The wood features also reflect the library's location adjacent to Pageant Park and amid the many heritage trees in the Civic Center area.

A key feature of the new library is that it will be an environmentally "green" building. It will achieve at least LEED Silver certification, and may achieve LEED gold. LEED certification is an internationally recognized green building certification system developed by the U.S. Green Building Council. The Town and its consultants are exploring every cost-

effective opportunity to incorporate energy-saving materials and systems in the building. In addition, the building will have a number of visible environmental elements to educate the public, and particularly children, about sustainability.

From the outside to inside, the new library will be one that current and future generations of Los Gatos can be very proud of! During the next year, the library project will undergo environmental review, followed by Planning Commission and Town Council review. Watch the agendas for these two bodies, available on the Town's website, to see when the project will come before them in public meetings — most likely in late fall or winter. Then, watch local newspapers and the Town website for an announcement about ground breaking for the new Library, currently planned for June or July of 2010. Construction will take approximately 18 months, with the grand opening of the new facility targeted for late 2011.



## New Local History Database

Early in 2003, the Library began a local history project, organizing and cataloging existing library materials of an historic nature, some dating to the 19th century. The community was invited to submit photographs from their own personal collections, and the response was nearly overwhelming.

The Library was soon joined in its preservation efforts by The Museums of Los Gatos. Both institutions wish to preserve and make accessible materials that document the fascinating history of Los Gatos.

Just completed this year is a database, available at **HistoryLosGatos.org**. This online database is a digital library which contains nearly 6,000 images, including photographs, maps, letters, death records, meeting minutes, programs, and

newspaper articles. Users can browse images in the database or use the keyword search box to find any term or subject of interest. A clickable map of historic Los Gatos homes, with linked photos and information about the structures, is a popular feature. The Los Gatos Union School District contributed class photographs covering the years 1936-1957; if you attended school in Los Gatos during those years, you can enter your name in the search box and see your class photo!

Well over 100 local individuals and 30 companies, organizations, clubs, and associations have contributed funding, equipment, time, and historic images to the project. About 30 families generously allowed digitization of their collections, most covering several generations.

## Library Programs for Children

The past year was a busy one in the Children's Room of the Los Gatos Library. Record numbers of parents, caregivers, and children attended programs, checked out materials, and enjoyed their time browsing the shelves and reading together. With nearly 41,000 children's items available for borrowing and approximately 30 programs hosted each month, there was something for every childhood age.

Each week, the Library held four storytimes for children aged 0 to 5 years. Storytimes encourage reading, listening, and participation skills. This past year was the first for the new Baby Storytime, serving children up to 12 months old.



*Baby Storytime on Friday mornings.*

During the year, community alliances, volunteers, and grant funding from the Friends of the Los Gatos Library provided many enriching programs, including the following:

- Students from the Los Gatos High School Japanese Honors Society taught origami.
- Los Gatos-Saratoga Community Education and Recreation provided samples of their classes.
- Canine Companions for Independence brought guide dogs and puppies-in-training for children to meet.
- Volunteers donated their time to teach knitting, assist with crafts, help with homework, and lead monthly Spanish storytimes.

Thanks to generous donations from the Friends of the library, the Library also hosted many talented performers including Emmy Award winning storyteller Diane Ferlatte, the Fratello Marionettes, Charles the Clown, Daffy Dave, Andy Z., Tim Cain, Cotton Candy Express, Drumm, and Happy Birds.

# 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 this past year:

## Music in the Park

This extremely popular concert series began in 1988 and brings a diverse program for music lovers of all ages. 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 Day — Donation Drive

Second Chance Day was held on Saturday, November 1 by the Community Services Department. This annual event is a grassroots campaign to promote public awareness of waste diversion through reuse, repair, and recycling. Over 1.5 tons of donated goods and more than 100 pairs of eyeglasses were collected. 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, Career Closet, the Santa Clara County Humane Society, and St. Luke's Pantry Program. Donated eyeglasses were given to the Los Gatos Lions Club "Lions In Sight" program.

## Los Gatos Celebrates the 4th of July 2009

The ninth 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! It is estimated that 3,500 people attended throughout the day.

## Screen on the Green

Oak Meadow Park became a large outdoor theatre for this fun-filled family event held in September, when families were invited to join us for an evening of entertainment under the stars. The event began with children's activities, sponsored in part by Los Gatos-Saratoga Community Education and Recreation, and included a petting zoo, a coloring activity, and face painting. The featured film, *Charlotte's Web*, was shown on a 25' inflatable screen.

# Parks and Open Space

## Planning for Recreation Facilities

Last year, the Town Council strategically decided to sell a small piece of Town-owned property located in the middle of Vasona Lake County Park to Santa Clara County, which owns and manages Vasona Park. The proceeds from the sale were set aside specifically for the expansion of Town recreation facilities and sports fields. The Town is working to expand the existing supply of recreation facilities and sports fields using these funds. Over the last six months, the Town has made strides to explore every feasible alternative to accomplish this goal, including discussing the possibility of forming partnerships with school districts to improve their athletic fields, evaluating surplus Caltrans property that could be improved for recreation purposes, and evaluating other possibilities for facilities on private property. Acquisition of land for a new sports facility is now underway.

## Town Plaza Fountain Upgrade

The Town Plaza Interactive Fountain was constructed in 2003 as a part of the Town Plaza Reconstruction Project. The fountain was constructed with what was at the time a state-of-the-art filtration system. Technological advancements in water filtration, along with the discovery of micro-organisms in other local interactive fountains, led to the need to enhance the treatment capability of the Plaza Fountain. A new ultraviolet (UV) filtration system was added to bring the fountain up to the most current level of technology for fountain water treatment. In addition to the installation of the new UV filtration system, other existing filters in the fountain were upgraded to current standards and new turf was planted. The fountain upgrade project was completed in the spring of 2009.



## Online Parks Reservation System

In January 2009, the Town launched a user-friendly and convenient Online Parks Reservation Program. This program allows residents to reserve picnic areas as well as other park facilities that require special use permits. Residents can pay for facilities online, get real-time verification of facility space available, view maps and detailed facility reservation requirements, and make secure payment transactions using their credit or debit card from any computer 24 hours a day, 7 days a week.

As of August, the Town had received over 700 online reservation requests and completed over 450 reservations with this new program. The online program has helped the Town to track reservations and special use permits more effectively, resulting in enhanced customer service, and greater efficiency and organizational productivity. To access the online reservation program, go to [www.LosGatosCA.gov](http://www.LosGatosCA.gov) and click on "Park Reservations."

# Community Development and Planning

## Noteworthy Development 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's 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 approved. Below are brief descriptions of each:

### 15400 Los Gatos Boulevard

In June 2009, the Town approved a Planned Development application to construct a 40,000 square foot, two story mixed use commercial building that will contain retail, office space, and at least one restaurant. The project is located at the southeast corner of the Los Gatos Boulevard and Gateway Drive intersection, at the former McHugh Mercury dealership. The architectural style of the structure will be Mediterranean, with plaster walls and a tile roof.

### Los Gatos Shopping Center

In March 2008, the Town approved an Architecture and Site application to upgrade the façade of the existing building, improve the existing parking lot, and provide other site improvements at the Los Gatos Shopping Center. The Los Gatos Shopping Center is located on the east side of North Santa Cruz Avenue, north of Highway 9. Construction began in July 2009, and is nearing completion.

### Thrash House Residential Development

The Town Council approved a 19-unit residential Planned Development in May 2009. Site of the former Emmanuel Convalescent Hospital, the 2.6 acre property is located on the southwest corner of Los Gatos Boulevard and Caldwell Avenue. Santa Clara Development Co. will be renovating and expanding the historic Thrash House and constructing 18 new single-family homes. Two of the new homes will be affordable Below Market Price (BMP) units.

## Helping Businesses in Challenging Economic Times

Given the challenging economic conditions of the past year, the Town's Economic Vitality staff stepped up its partnerships with the business community to boost sales. The Town also conducted an outreach program to build relationships with local start-ups, major employers, and vulnerable businesses (due to market factors). Here are a few of the efforts that stimulated the Town's business climate:

- **2nd Saturdays** — Co-sponsored by the Town and the Chamber of Commerce and involving over 150 participating businesses, 2nd Saturdays featured special offers, free valet parking and pedicab rides, as well as music and entertainment. Advertising in the *Los Gatos Weekly-Times* and *The Mercury News* and a commercial on several Comcast cable networks spread the word locally and regionally. Most businesses reported an increase in customers and sales, and residents and visitors remarked at how lively and fun the event was. Due to the success of the event, the Town and the Chamber will continue to sponsor the 2nd Saturday program through the 2009 holiday season.
- **Hometown for the Holidays** — A marketing campaign geared at encouraging locals and visitors to enjoy the charm and amenities Los Gatos offers during the holidays, it included advertising in the *Los Gatos Weekly-Times* and *The Mercury News*. For the first time, the Town also used radio marketing to tell the public that Los Gatos is a perfect "Hometown for the Holidays." Those all-time favorite features — the Holiday Tree lighting ceremony, the Children's Parade, horse drawn carriage rides, and valet parking — made Los Gatos a magical holiday destination.
- **Mayor's Business Outreach** — In an effort to build bridges with our business community, the Mayor, Town Manager, and Economic Vitality staff met with local businesses on a monthly basis. Each month a business was selected from one of three categories: growing start-ups, major employers, or vulnerable businesses (due to market factors). The Mayor's team met with CEOs at their business locations, toured the facilities, and observed operations. Discussions about why each business located in Los Gatos, the business's plans for growth and expansion, and any Town-related issues facing the business were a key part of the outreach meetings. The Mayor's Business Outreach Program is an excellent way to learn more about the diverse businesses in Los Gatos and to understand their needs.



## Business Vitality

In 2008/2009, the economic climate was challenging and Los Gatos was not immune to its impacts. Research and development (R&D) parks saw occupancy rates decline as did all neighborhood commercial centers, particularly Los Gatos Boulevard with the loss of two more auto dealers. In comparison with neighboring communities, Downtown continues to maintain a high occupancy rate. Although there are more vacancies than there have been in recent years, new businesses continue to open and show interest in the Downtown's beautiful setting and

unique character. Support your community by shopping local and visiting these new Downtown establishments:

- Bath Etc. (opening soon!)
- Fossum Creative
- Happy Yogurt
- Heidi's Clothing
- J.Crew
- Nothing Bundt Cakes
- Opa!
- Optique America
- Palapa's Lounge Beachwear
- She She Shoes
- Sierra Toy Soldier
- That's So Cute

# Green Initiatives

The Town has an ongoing commitment to a green and sustainable future. A certified Green Business through the Santa Clara County Green Business Program, the Town took time this year to examine its own business practices, with the goal of measuring and reducing its greenhouse gas emissions. The Town's work this year included the following:

## Greenhouse Gas Inventory

During the past year, an inventory of the greenhouse gas emissions from the Town's municipal operations was conducted. This inventory was facilitated through a purchasing pool through the Joint Venture Silicon Valley (JVSV) Climate Protection Partnership, which allowed each of the 27 participating municipalities access to top-quality consulting services at a reduced fee. Next steps include setting an emissions reduction goal and developing a climate action plan. The climate action plan, like the inventory, will focus on the Town's municipal operations.

## Vehicle Fleet

The California Air Resources Board (ARB) has adopted a fleet rule to reduce diesel particulate matter (PM) emissions from fleets operated by public agencies and utilities. Diesel PM emissions are tiny soot particles from diesel engines, which have been identified as a toxic air contaminant.

The Town's Fleet Operations staff identified five vehicles that fall under the ARB mandate. These vehicles will be retrofitted with new diesel particulate systems to comply with all state and federal mandates. This project includes a regeneration panel, which will be purchased and installed in the Service Center. The regeneration process is a critical function for the disposal of diesel PM, converting the particulate material into ash, which is then sent to a hazardous waste station.

In addition, three hybrid vehicles were purchased for Police Administration and Operations. Two more hybrids will be purchased in FY 2010/11. When these purchases are complete, the Town will operate a total of six hybrid and twelve compressed natural gas vehicles.

# Transportation and Infrastructure

## Capital Improvement Projects

During the year, the Town completed several infrastructure projects that helped to enhance safety in the community. The projects are described in more detail below:

### University Avenue Resurfacing

This project included the successful repair and resurfacing of University Avenue from Mullen Avenue to Main Street during the summer of 2008. Due to its location and sensitivity to downtown merchant needs, this work was performed in only one day and with minimal inconvenience to the public and adjacent businesses. This project was the last component of the downtown street resurfacing project that was initiated four years ago.

### University Avenue Retaining Wall Project

This project replaced two sections of failed retaining wall along University Avenue near the Vasona Lake Dam. These walls are a critical element in the stabilization of the embankment above University Avenue. This project was completed in the spring of 2009.

### Pollard Road Lighted Crosswalk System

This project installed a lighted crosswalk and median island on Pollard Road across from Jack Fisher Park. This was a joint project between the Town and the City of Campbell. Staff from both municipalities worked towards successful completion of this project during the spring and summer of 2009.

### American Recovery and Reinvestment Act (ARRA) funded project

The federal American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law in February 2009. From the initial round of funding, the Town received \$529,000 to be used for improvements to the University Avenue/Blossom Hill Road intersection.

This project will replace the old and outdated traffic signal with a more functional traffic signal system. In addition, there will be dedicated left turn lanes to improve the operation of the signal. Sidewalks will be built along University Avenue adjacent to Oak Meadow Park to fill in missing sections of existing sidewalks and provide safe access for pedestrians. There will also be pavement repairs and storm drainage improvements. The intersection will then be resurfaced and restriped for standard bike lanes.

# On the Horizon

## 2010 Census

April 1, 2010 is Census Day! The U.S. Constitution requires a national census once every 10 years. The census counts every resident in the country, including citizens and non-citizens. On August 3, 2009, the Mayor proclaimed the Town a 2010 Census partner, committed to supporting the U.S. Census Bureau in obtaining a complete count. To encourage a complete count, Town and Census staff will work together over the next months, providing outreach to the community. There will be volunteer opportunities for local residents to help with the census efforts. Volunteer opportunities will be posted on the Community Unity website, [www.LosGatosCA.gov/cu](http://www.LosGatosCA.gov/cu).

## General Plan Update

In October 2008, the Town initiated an update to the 2000 General Plan. The General Plan is the principal policy and planning document guiding the development and conservation of Los Gatos. The update provides an opportunity to refine the existing plan and to incorporate new goals and policies in the four focus areas: recreation, seniors, youth, and sustainability. A draft updated General Plan is scheduled to be released by early 2010 and the final plan and environmental impact report adopted in July 2010.

## First Aid Training

In the fall of 2008, as part of the Town's "Los Gatos Prepared" emergency preparedness program, the Town and the American Red Cross Santa Clara Valley held a special series of Standard First Aid classes that were offered at half price for Los Gatos residents. The classes followed a tragic accident in September 2008 when a 6-year-old child's hand was severed. A local resident who had received first aid training was able to render immediate assistance. This application of first aid at the scene contributed to the successful re-attachment of the child's hand by surgeons.

The four 9-hour training sessions covered first aid, automatic external defibrillation (AED), and cardio pulmonary resuscitation (CPR) for adults, children, and infants. In addition, two 4-hour, evening sessions were held for basic first aid training only.

When speaking of the September tragedy, a former Los Gatos Mayor said, "This accident and the quick response by local residents shows that all of us can be heroes if we are prepared and trained."

All residents are encouraged to take first aid training classes. In an emergency situation it may be the single most important tool to help save a life and one that almost everyone should have in their tool box. Information about the Los Gatos Prepared Campaign is available at [www.LosGatosPrepared.org](http://www.LosGatosPrepared.org). Information about first aid classes can be found on the Red Cross website, [www.Scv-RedCross.org](http://www.Scv-RedCross.org).

## New Police Operations Building

To address critical operational space needs, the Town purchased the former Verizon building at 15900 Los Gatos Boulevard to use as a police services building. A groundbreaking was held in January 2009. The project includes renovations to the existing 9,020 square foot building and an addition of 3,240 square feet. The additional square footage will provide critical operational

space, including an enclosed drive-in prisoner sally port at the rear of the building. The sally port will be the entrance to a secure suspect processing center. The processing center will allow officers to fingerprint, photograph, and interview multiple suspects in a first class facility that is separate and secure from the rest of the building. The building will also provide additional space for report writing, interviews, investigations, and the processing and storage of evidence. A functional briefing room will provide a place for training and prepare officers to begin their shift. The state of the art briefing room will also be used as an emergency operations center in the event of an emergency.

The formal ribbon cutting ceremony for the new Police Operations building is planned for October 26 at 11:00 am. The public is invited to visit the new facility during an open house scheduled for November 21. Members of the Police Department will be present to answer questions and provide personal tours through the facility.

The new facility will become the new home for patrol, investigations, property and evidence, and emergency preparedness operations. The Police Department will continue to be headquartered at the Civic Center, the point of contact for the Chief of Police and the Support Services Captain. The Civic Center location will remain home to communications, records, parking control, and other administrative services. All public services such as obtaining a copy of a police report, signing of a citation received for a vehicle infraction, contesting of a parking ticket, and filing of a police report will continue to take place at the Civic Center location.



An architectural rendering of the new Police Operations building.

## THE PARENT PROJECT®

In March 2009, the Los Gatos/Monte Sereno Police Department, in conjunction with the Santa Clara County District Attorney's office, introduced a new parenting skills program specifically designed to address issues with strong-willed or out-of-control children. The Parent Project® is a countywide resource for parents who have a child engaging in destructive behaviors. The classes are generally taught by personnel from law enforcement agencies, school districts, mental health agencies, and other community organizations concerned with the health and safety of children. The program is taught in a series of three-hour classes over a span of twelve weeks.



The Parent Project® teaches parents strategies to influence change. It addresses the most destructive behaviors such as drug and alcohol use, truancy, running away, and violent outbursts. The class also assists parents with creating a peer support environment among fellow participants. The benefits of this class extend to the community as well, resulting in improved community safety, lowered juvenile crime and recidivism, and improved relationships between the police and the community.

Information about the Parent Project® can be found at [www.ParentProject.com](http://www.ParentProject.com). The local facilitators may be contacted via telephone at (408) 399-5719, or via e-mail at [ParentProject@LosGatosCA.gov](mailto:ParentProject@LosGatosCA.gov).

# Police Department Receives National and State Recognition

During this last year, the Police Department continued its commitment to excellence and was recognized for its efforts on both a state and national level.

## Medal of Valor



Officer Joe Romeo (left) and Officer Bryan Paul (right).

Police Officers Bryan Paul and Joe Romeo were recently awarded with the Governor's Public Safety Officer Medal of Valor for their part in rescuing two local residents who had driven off the road. The vehicle was resting 100 feet from the bottom of a steep ravine as both officers scaled down the side of the hill to assist. Both officers acted quickly and without regard to their own safety, thus showing their professionalism and commitment to the community they serve.

## Investigative Excellence Award

Police Department staff were recognized on two different occasions for their investigative work associated with the shooting death of Mark Achilli in March of 2008. Captain Alana Forrest, Sergeant Matt Frisby, Sergeant Michael D'Antonio, and

Corporal Clinton Tada were awarded the 2009 Robert Presley Institute of Criminal Investigation's Investigative Excellence Award by the California Commission on Peace Officer Standards and Training, and were finalists in the International Association of Chiefs of Police's International Excellence in Community Policing award. Both are highly coveted and respected awards and hundreds of submissions were rigorously evaluated by criminal investigation experts throughout the country.

## Budget Recognition and Awards

The Town received the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award for Fiscal Year 2008/09. In order to earn this award, the Town budget must be rated as proficient in four categories designed to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications guide.

The Town also received the Certificate of Achievement for Excellence in Financial Reporting from GFOA for its Comprehensive Annual Financial Report (CAFR) for FY 2008/09. 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.

## Community Recognition Awards

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

- Andrew Fanelli, All-Pro Tae Kwon Do
- Brandi Roenick, National Junior Dressage Champion
- Coach Cattolico and the LGHS Football Team
- Community Against Substance Abuse
- Fisher Middle School French Students
- Kendra Burch, Historic Preservation Committee
- Kirsten Ashleigh Cook and Kaitlyn Loren Cook, Safe Routes to Schools
- Kiwanis Club
- LGHS Girls' Field Hockey
- LGHS Relay Swimmers
- LGHS Singers, Jazz Purr
- Lions Club
- Los Gatos Bicycle Racing Club
- Los Gatos Fire House Personnel, Santa Clara County Fire Department
- Los Gatos Rowing Club
- Music in the Park Committee
- Pascagoula Day Participants
- Los Gatos Rotary
- Morning Rotary
- Students to Students @ LGHS Team Leaders

## Tree City USA

Los Gatos was named a Tree City USA by the National Arbor Day Foundation to honor its commitment to its community forest. It is the 29th year that Los Gatos has received this national recognition. The Tree City USA program is sponsored by the National Arbor Day Foundation, in cooperation with the National Association of State Foresters and the USDA Forest Service. The Town of Los Gatos is one of 156 cities throughout the state to receive this award. Each year, the Parks and Public Works Department coordinates a community celebration and plants trees in honor of Arbor Day. This year, three Crape Myrtle trees were planted at La Rinconada Park.

## Best of Silicon Valley — Downtown Los Gatos



In June 2009, *The Mercury News* published its "Best of Silicon Valley 2009 – Readers' Choice Awards." Every year since 2002, the newspaper has polled its readers to identify icons of excellence. For the fourth year in a row, Downtown Los Gatos was voted as Best Downtown Shopping and the Los Gatos Creek Trail received several "Best of" awards, including Best Trail, Best Place to Walk Your Dog, Best Mountain Biking, and Best Place to Jog. Many local businesses were also recognized.

Awards and Recognition

# Fiscal Perspective

## A Fiscal Perspective for FY 2009/10

On June 1, 2009, the Town Council adopted the FY 2009/10 Operating, Capital, and Redevelopment Agency budgets for the Town. These budgets establish basic spending policies, operational work plans, and service levels for the community.

Based on sound fiscal and budgeting practices which incorporate a five-year financial forecast, the Town's Operating Budget establishes funding levels for ongoing services and community programs during the fiscal year. The Capital Budget is a comprehensive five-year plan for the construction, improvement, and/or rehabilitation of Town infrastructure. The Redevelopment Agency budget identifies and funds redevelopment infrastructure projects and economic vitality programs in the downtown area.

The economic downturn continues to take its toll on local households, businesses, and non-profit organizations. Los Gatos, like other communities, has not been immune from these challenges. Shopping, traveling, real estate, and building activities have decreased, lowering the amount of General Fund revenue the Town receives.

The Town's five-year financial plan projected a \$2.5 to \$3 million deficit for FY 2009/10. This shortfall, which represented 8% of the General Fund budget, was corrected through a variety of short and long term budget strategies, including targeted hiring freezes, the elimination of vacant positions, service delivery reorganizations, and work furloughs. Fewer staff means that some service levels will be lower. Should the economic situation worsen, the Town has the ability to use designated reserves to maintain basic core services. Despite the Town's past prudent planning, ongoing operating deficits are projected for future years.

Another challenge facing Los Gatos and other California communities is the State of California budget situation. To balance its budget, the State plans to borrow and take funds from local governments. This will have a fiscal impact on Los Gatos, resulting in the need to use reserves and consider further reductions to services.

In anticipation of future budget gaps, the Town is actively exploring cost sharing opportunities, service delivery options, and alternative revenue strategies. This will have a fiscal impact on Los Gatos, resulting in the need to use reserves and consider further reductions to 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](mailto:Manager@LosGatosCA.gov)

Website [www.LosGatosCA.gov](http://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 the sales and use tax as the Town's primary revenue source. This revenue has declined over the past year due to the slowing economy and loss of auto dealers. 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 and vehicle license tax receipts are expected to remain flat for FY 2009/10 and typically account for more than a quarter of the General Fund revenues. For every \$1 of property tax paid by property owners in Los Gatos, only 9.5 cents returns to the Town to pay for local services. Economically-sensitive revenues like interest income and hotel occupancy tax are also anticipated to be lower than in previous years due to the economic downturn.

### General Fund Uses

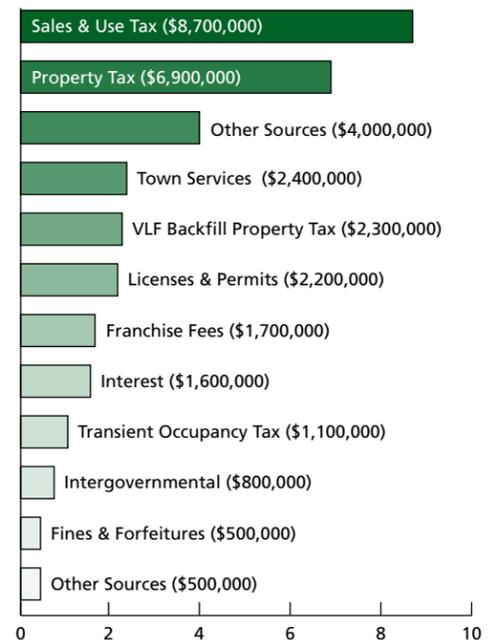
Most of the Town's services are supported by the General Fund, including police services, street and signal maintenance, park maintenance, and the library, as well as building and development services which include planning, engineering, and inspection services.

The chart to the right shows FY 2009/10 planned expenditures of \$32.5 million by service area. However, with economic times still uncertain and the possibility of State takeaways looming, adjustments may need to be made to the budget during the fiscal year.

### Future Outlook

While the five-year forecast projects budget deficits in future years, the Town is well positioned to deal with the challenges of economic hardships. Managing a loss of revenue in an environment of rising costs and infrastructure expenses will be difficult. However, savings set aside for strategic use will help to smooth fiscal impacts, allowing the Town's core services to remain intact. The Town Council will continue to place a high priority on improving the Town's economic vitality, protecting revenues, and maintaining public safety, while the administration seeks out ways to balance community needs with available resources.

**General Fund Sources  
FY 2009/2010  
(\$32.5 Million)**



**General Fund Uses  
FY 2009/2010  
(\$32.5 Million)**

