



Annual Report

TOWN OF LOS GATOS FY 2005/2006

We are pleased to present to you the *Town of Los Gatos Fiscal Year 2005/06 Annual Report*. It covers the period from July 2005 through June 2006, and highlights some of the accomplishments of the Town organization and the many partners we work with to build a great community.

This report is only one of the many ways the Town communicates with the residents of Los Gatos. Other ways include the biannual Vista newsletter, local newspapers, KCAT TV 15, public notices, public meetings, and more. In the report, you will learn about an exciting step we have taken to add to the quality of our communication with the community: our new website, www.losgatosca.gov. It allows 24-hour access to a wide range of local government information and services (see the right-hand column on this page, and more inside). We are always looking for ways to better serve the public, and we believe that many residents will find that the new website meets that goal.

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 2006/07 on the back page. We invite you to read, share with your friends and neighbors, and give us your feedback, ideas, and suggestions.

— Debra J. Figone, Town Manager

E-Government Comes to Los Gatos

The Town knows how important it is for residents to be aware of services, events, and issues affecting them. We also know that people have preferences about where and when information and services are available to them. With Los Gatos's population of over 28,000 residents, we realize that it takes a variety of methods to communicate effectively.

An increasingly-requested way of accessing services and information is online. Surveys of our residents have shown that approximately 90% of households have Internet access, and 62% prefer to access information using the Town's website. While the Town will continue to use traditional means of providing information and services, we are pleased to have expanded our capacity in FY 2005/06 to do so via our website, www.losgatosca.gov. The Town's website is now much more robust in terms of available information and services. With its new look and ease of navigation, the website provides a good alternative for residents to find out about Town activities and even complete some Town-related transactions at any time of the day or night – a service known as “e-government.”

Your local government is always exploring ways to serve residents better. In keeping with our guiding principle of Small Town Service, that means being responsive to the changing needs of the community. In the 21st century, that means providing a friendly, helpful face at the service counter for those who prefer to do business in person and providing a convenient, informative website for residents choosing an e-government alternative.

Town Council

Diane McNutt,
Mayor
Joe Pirzynski,
Vice-Mayor
Steve Glickman
Barbara Spector
Mike Wasserman

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.

photo by Doug Schwartz



Library Services

Los Gatos: Then and Now

The world premiere of the full-length film *Los Gatos: Then and Now*, depicting Los Gatos from 1860 to 1960, was held at the Opera House in September 2005. Produced locally by Lyric Media, the documentary was made in conjunction with the Los Gatos Public Library and the Museums of Los Gatos, and is based considerably on the book *Images of Los Gatos* by Library Director Peggy Conaway. The book is a pictorial history of Los Gatos which includes more than 200 photographs from the library's collection; the Museums of Los Gatos collection; and collections from San Jose Public Library's Steinbeck Center, Sourisseau Academy, and California Room. It takes the reader on a journey through time, beginning from the mid-nineteenth century, when Los Gatos served as an agricultural and distribution center.

Sales of *Los Gatos: Then and Now* will help to support "Hooked on Los Gatos, the Los Gatos History Project," the library's effort to preserve the written and pictorial history of the town.

Town-Wide Read

The fifth annual Town-Wide Read was coordinated with a county-wide program, Silicon Valley Reads. Presented by the Santa Clara County Office of Education, the Santa Clara County Library, and the San Jose Public Library Foundation, Silicon Valley Reads is designed to promote reading and literacy, to broaden the exposure to and appreciation of good literature, and to build community. Books selected for Silicon Valley Reads meet the following criteria:

- reflect universal issues relevant to Silicon Valley
- appeal to diverse audiences
- are appropriate for both adults and young adults
- are the work of a living author

Los Gatans participating in this year's Town-Wide Read read two selections: *When the Emperor Was Divine* by Julie Otsuka, and *The Souvenir: a Daughter Discovers Her Father's War* by Louise Steinman. Otsuka paints an unsentimental but poetic portrait of the WWII-era Japanese internment camps; Steinman shares the very different war experience of returning a flag taken by her father from a dead Japanese soldier to his surviving family in Japan. The program concluded with a special Friends of the Library Friday Forum in the Town Council Chambers, featuring a presentation and book signing by Ms. Steinman.

Library Services Offered 24/7

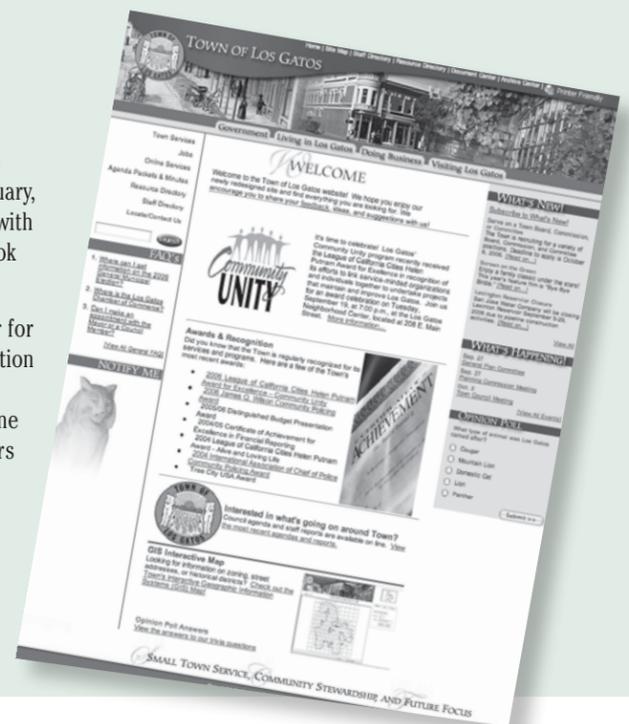
The library has expanded its digital collections, increasing the quantity and variety of materials available around the clock and introducing patrons to new library technologies. All formats are free to patrons through the always-open digital library. Downloadable music and electronic books are now offered, as are downloadable audiobooks, transferable to various portable devices. Children's electronic databases have been expanded to include additional sources for homework assignments and the especially popular TumbleBooks, an online collection of animated, talking picture books, available in English, Chinese, French, and Spanish.

New Town Website

A long-standing, key goal of the Town is to effectively communicate with the community and to enhance access to a broad range of information. In February, the new and improved Town of Los Gatos website was launched. Designed with the help of local residents and businesses, the website has an attractive look and user-friendly layout, and offers many online features and services.

The redesigned website enhancements include a news center and calendar for up-to-date information about Town activities and events, electronic notification subscription services, Town Council staff reports, online registration, and resource and staff directories. Over time, the Town will introduce new online services to seamlessly deliver services to residents, businesses, and visitors and to connect with our community about Town events and programs.

We welcome your feedback as we continue to enhance the Town website. Visit it at: www.losgatosca.gov. You may share your website ideas and suggestions by going to: www.losgatosca.gov/customerfeedback.



Special Events

Los Gatos showed its spirit of hometown community this year through a series of fun, family events. Residents enjoyed art exhibits, outdoor concerts, theater performances, and community celebrations - to name just a few. This year, the Town sponsored the following special events:

Music in the Park

This extremely popular concert series, begun in 1988, brings a diverse program of music styles, forms, and cultural origins to music lovers of all ages. The summer's concerts ran the gamut from rock to opera, from swing to salsa. Music in the Park has grown in popularity each year, and has become a real "must-attend" event for the 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.

Los Gatos Celebrates the 4th of July 2006

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

Community Garage Sale

A joint effort of the Town, the City of Monte Sereno, and Santa Clara County, the Community Garage Sale is an annual event that encourages the sale of reusable items rather than their disposal in the landfill. This year's event was held June 3. Garage sales were held at more than 280 home and neighborhood locations. Thanks to this event, and to a comprehensive program of waste diversion and recycling programs available to residents, the Town has met and exceeded the state mandate to divert at least fifty percent of its waste from the landfill.

Screen on the Green

The fifth annual Screen on the Green was held at Oak Meadow Park on September 23, 2005. This annual outdoor event features a popular film suitable for families, shown on a giant, 28' screen. Before the feature presentation, a ribbon cutting ceremony was held to celebrate the newly refurbished 1954 T-33 U.S. Air Force airplane at the Oak Meadow playground. Next, a special 15-minute preview of the historical documentary *Los Gatos: Then and Now* was shown. Then, families and friends enjoyed the new classic *Shrek*, the story of a reclusive ogre and a chatterbox donkey who go on a quest to rescue a princess.

Community Development, Housing, and Planning

Major Developments

Los Gatos is truly a special place and residents want to protect their community from the increasing development pressures of the region. Accordingly, the Town evaluates all proposed new developments in light of their overall community benefit. The Town's General Plan guides Town staff and decision makers in this process; it cites the necessity to consider issues such as human scale of development, historic preservation, density and intensity, population growth, downtown, congestion, open space, views of the hills, the nature of businesses located in town, protection of the various neighborhoods, and community design.

This year, a number of key developments were approved, and/or made major construction progress. Following are brief descriptions of each:

Sobrato Project

Winchester Boulevard at Highway 85

The first phase of this complex project, an 80,000 square foot office building, was completed in December. This attractive building is the new headquarters of the DVD rental company Netflix. Netflix has signed an agreement with developer Sobrato Development to occupy a second office building, which has yet to be constructed, though work on its parking garage is in progress. A 290-unit residential component, including 51 below market price rental units, will be located behind the two office buildings. Work on this phase began in fall 2005; pre-leasing is planned for January 2007 with the first move-ins occurring during spring 2007. The apartment complex, called Cipriani, will be managed by Sobrato.

Highlands of Los Gatos

Terminus of Shady Lane

In December, the Town Council approved a Planned Development for this project, which includes 19 residential lots to be located at the easterly terminus of Shady Lane. The Tentative Map was approved in July. Roughly 43 of the project's 66 acres will be preserved as open space or as a scenic easement. The applicant is currently working on infrastructure, rough grading, and water system plans. This project is unique in that the water system that will be installed for the project will allow 33 properties in the surrounding area to connect to the San Jose Water system.

Villa Felice site

15350 Winchester Boulevard

In July, the Development Review Committee approved a subdivision and architecture and site applications for the construction of 28 market rate single family residences and five below market price units at the site of the former Villa Felice. In January the Planning Commission approved a minor amendment to add one additional lot as permitted by the Planned Development zoning for the site. The previous motel and restaurant buildings have been demolished and subdivision improvements are under construction. Construction on the homes will begin later this year.



photo by Doug Schwartz

Business Vitality

Los Gatos values its business community, and the Town recognizes its role in ensuring that our business community remains vibrant. As part of the Town's Economic Vitality Program, several new projects were launched this year, including an annual business newsletter to educate business owners about permitting processes and business assistance opportunities, new Town web content providing a step-by-step checklist for starting a business, current vacancy and contact information, and relevant demographic information.

The Town also analyzed quantitative data to create a snapshot of the Town's current business environment. Some of the key points of this analysis follow:

Commercial Trends

Local neighborhood centers and businesses along Los Gatos Boulevard maintained a high occupancy rate of 95%, with 8 out of the 11 neighborhood centers fully leased. Office and Research and Development parks have also experienced a moderate rebound with current occupancies averaging 85% – a 10% increase from May 2005.

Downtown's dynamic marketplace continues to demonstrate vibrancy at 98.5% occupancy. The Town welcomed a number of new businesses this year and assisted them in making Los Gatos their new home, including:

- Bump Maternity
- Cocoa Bon
- Gabrielle's Bridal Boutique
- Gardenia
- Joseph A. Banks
(Coming December 2006)
- Los Gatos Lamborghini
- Pacific Green of Northern California
- Powell's Sweet Shoppe
- Restaurant James Randall
- Scent in a Bag
- Sweet Potatoes



photo by Doug Schwartz

Downtown sales tax receipts demonstrated impressive gains of 10.6% from the previous four quarters (excluding auto sales). Several downtown business sectors also experienced benchmark highs since 2004 including restaurants, gas stations, apparel stores, food markets, and recreation products.

Community Development, Housing, and Planning

continued

Marketing Los Gatos

The Town has continuing partnerships with the Los Gatos Chamber of Commerce and local business community members to promote Los Gatos as a great place to live, work, and visit. As part of this effort, this year the Town funded several marketing campaigns:

Summer in Los Gatos: There is a Summer for Everyone in Los Gatos

Discounted cooperative advertising opportunities in the *Silicon Valley Community Newspapers* were made available to all Los Gatos businesses from June through August. These publications include *Los Gatos Weekly Times*, *Saratoga News*, *Willow Glen Resident*, and *Almaden Resident*. The Town also sponsored the second annual Hometown Advantage resident rewards card. This program was designed to highlight the relationship between shopping and dining locally and funding local services such as parks, library, and police.

Summer in Los Gatos Destination Programs

Destination theme-based ads ran every other Thursday in the *San Francisco Chronicle* wine section. The ads promoted weekend excursions, special events, and downtown's "Thursday Evenings out on the Town" extended evening shopping hour program. Also included in the destination marketing was an annual theme-based ad in the *Explore Silicon Valley* hotel guide, which is available in key hotels throughout Santa Clara County.

Hometown for the Holidays

This promotional program encouraged local business owners to extend their weekday evening hours during the holiday season. Ads listing all participating businesses were placed in the *San Jose Mercury News*, *Los Gatos Weekly Times*, and *Saratoga News*. The Town also ran holiday commercials promoting shopping and dining for the holiday season on the Bravo, Food Network, Lifetime, and A&E networks.

Destination Los Gatos: Web Development

A visitor information component was added to the Town's new website, highlighting all the activities guests can experience when visiting Los Gatos. The new visitor page highlights shopping and dining, hotels and meeting facilities, wineries, recreational opportunities, and a downtown shopping map with parking information.

Parks and Open Space

Parks Improvements

Los Gatos is fortunate to have many neighborhood parks and play lots scattered throughout the community - there is a park available for just about any activity. Tennis courts, baseball fields, picnic tables, and hiking trails are just some of the amenities available. The high level of use of our parks, combined with the effects of winter storms, require the Town to undertake ongoing maintenance to keep the parks in good condition. During the year, repairs were made to the following parks and trails:

Los Gatos Creek Trail Deck

The section of the popular Los Gatos Creek Trail that runs behind Old Town has wooden decking that had become worn from ongoing and increased use over the years. The uneven surface was becoming a potential tripping hazard and needed replacement. All of the wooden planks were replaced in May.

The Los Gatos Creek Trail provides 10 miles of opportunities for pedestrians, hikers, bicyclists, skaters, and nature lovers. It extends from Lexington Reservoir above Los Gatos all the way to Meridian Avenue in San Jose. A work in progress, the trail will eventually end at a confluence with the Guadalupe River in downtown San Jose.

La Rinconada Park Trail

La Rinconada Park, located on Granada Way at Wedgewood Avenue, is a creek side park of natural vegetation with a half-mile trail that meanders along Smith Creek. Other recreational features include a tennis court, lawn areas, picnic tables and barbeque pits, and a playground. This project repaired a section of the trail that had been damaged over time by rain. The work was completed in the fall of 2005.

Oak Hill Play Lot Pathway

The Oak Hill Play Lot is located at Garden Lane and Oak Park Drive, off Los Gatos Boulevard. It is a small neighborhood park that features a playground and lawn area. A pathway within the park had sustained damage from adjacent tree roots, creating an uneven walking surface. Work to repair this damage was completed in the fall of 2005.



La Rinconada Park Trail



Los Gatos Creek Trail



Oak Hill Playlot

Solid Waste Services

The Town contracts for solid waste collection and disposal services through the West Valley Solid Waste Management Authority (Authority), a joint powers agency consisting of the following member municipalities: Town of Los Gatos, City of Campbell, City of Monte Sereno, and City of Saratoga. It is the Authority's role to manage the solid waste collection contract and the services provided under it, including monitoring service levels, setting residential and commercial collection rates, and negotiating new contracts as appropriate. The Authority's current contract with Green Valley Disposal Company will terminate on February 28, 2007.

During the year, the Authority completed an extensive Request for Proposals process, obtained bids, and executed a new collection contract with West Valley Collection and Recycling. The Authority stated its goals in the process to be as follows:

- To select a company to provide solid waste management services in a cost competitive manner.
- To maintain the association of agencies comprising the Authority, in order to achieve economies of scale.
- To perform the selection process in a manner that does credit to and continues to build confidence in the Authority.

West Valley Collection and Recycling, which will replace Green Valley Disposal Company as the local trash hauler, submitted the lowest bid of the five received. In addition, the Authority found that its strengths included single-stream processing capability, the environmental benefits of split-body trucks, and positive feedback on their service in other California municipalities.

A number of public meetings were held during the year, at which the Authority Board heard from members of the community about the services they would like under the new contract. Some of the key service changes will be as follows:

- Automated collection of trash, recyclables, and green waste will increase efficiency.
- Split-body trucks to collect both trash and green waste, with separate trucks for recyclables, will mean fewer trucks on the roads.
- Commingled recyclables will mean no more sorting of recyclables by residents.

West Valley Collection and Recycling will begin its services on March 1, 2007.

Capital Improvement Projects

As part of the Town's ongoing program of repairs and upgrades to its infrastructure, several capital improvement projects were completed during the year, including the following:

Downtown Streetscape Project

The Town added the final touch to the Downtown Streetscape Project over the summer with the completion of Main Street improvements. Begun in 2002, the Downtown Streetscape Project was funded by Redevelopment Agency bond proceeds earmarked for downtown projects (the location of the Town's redevelopment project area). The project included the renovation of Town Plaza Park; installation of Villa Hermosa-style sidewalks on North Santa Cruz Avenue and Main Street; addition of street furniture, planters, and decorative lights; repaving of North Santa Cruz Avenue and Main Street; new traffic signals; and other aesthetic and functional improvements.

Throughout the four-year project, Town staff communicated with affected merchants and residents to understand and mitigate concerns. This communication led to innovative approaches to scheduling, such as replacing sidewalks in sections which allowed new sidewalk to be completed and open to the public by the weekend. A highlight of the project was the display of Cat-Struction Cats providing directional and educational information to pedestrians. In addition, sidewalk ambassadors helped pedestrians to navigate around the construction sites.



East Main Street

Parking Lot 5

Repairs to Parking Lot 5 were completed in May. The lot is located between Elm and Main Streets to the north and south, and between University and North Santa Cruz Avenues to the east and west. These repairs included drainage improvements, repairs to the base, installation of irrigation lines to the parking medians, addition of a new median with irrigation, restriping of the parking spaces, and relocation of the disabled-only spaces to provide better access to local shops.

Annual Street Resurfacing

Over 11.5 miles of roadway received street resurfacing treatment this year. Specifically, 9.2 miles of roadway received "cape seal" treatment, and 2.35 miles of roadway received a "slurry seal." These preventive treatments will prolong the life of the roads and minimize the need for costly reconstruction in the future. Annually, street rehabilitation projects are identified and prioritized according to pavement quality as indicated by the Pavement Condition Index (PCI), field inspection, traffic level, and safety issues.

Annual Curb, Gutter, and Sidewalk Repairs

Approximately 2,000 square feet of sidewalk and 160 linear feet of curb and gutter were repaired or replaced during the year. This ongoing annual project for the repair and replacement of potentially hazardous curbs, gutters, and sidewalks throughout Los Gatos enhances pedestrian and bicyclist safety and comfort, and improves water runoff infrastructure. The primary source of damage to sidewalks, curbs, and gutters is tree roots.

Historic Fire Bell

The town's historic fire bell was installed in a temporary location on the grounds of the Art Museum of Los Gatos, located at Tait Avenue and West Main Street, this fall. The bell awaits a permanent bell tower to be built adjacent to the Museum.

Pedestrian Safety Project

A crosswalk improvement project to increase safety and visibility for both pedestrians and motorists at the intersection of North Santa Cruz Avenue and Roberts Road was completed in August. These improvements to the crosswalk will benefit the hundreds of pedestrians who cross it daily.

Community Policing

In addition to providing excellent public safety services, the Los Gatos/Monte Sereno Police Department continued its community policing efforts during the last year. The department's work with the community included visits to local schools, business community outreach, emergency preparedness education, and traffic safety. The goal of all of these efforts is to get to know the Los Gatos community, and become an integral part of it.

School Outreach

This year saw the start of a unique outreach venture: one of the three K-9 teams was assigned to the School Resource Officer position. The School Resource Officer is responsible for making presentations to groups of students in a classroom setting and in general assemblies. The officer is also accessible in an informal way to students during lunch and recess times, and serves as a positive role model. The canine half of the K-9 team served as a great icebreaker between the officer and the kids. As part of this program the department also hosted a barbeque event at Fisher Middle School, serving lunch and interacting with kids during the lunch hour.

Business Community

Individual officers worked with the business community, in partnership with the Chamber of Commerce, to disseminate information about ongoing crime trends. For example, during the holiday season several counterfeit travelers checks were passed in the area. Officers developed informational fliers and delivered them to every downtown business, and developed email lists to keep merchants informed of public safety issues.

Emergency Preparedness

The Police Department continued to manage the Community Emergency Response Team (CERT). This program, which trains local residents to be self-sufficient in the event of a disaster or other emergency, continues to grow with approximately 200 new residents participating in the 20-hour class each year.

Traffic Safety

In response to the community's concerns about traffic safety, directed patrols were implemented in high risk areas through the use of motorcycle enforcement. The Town also worked collaboratively with neighborhood groups on the Traffic Calming Policy.

Getting to Know the Community

The Police Department's ultimate goal is to get to know everyone in our community. This goal is being addressed in a variety of different ways, including the development of a neighborhood contact list. This list allows for mass notification in the event of a crime trend, or to simply communicate with residents who wish to be notified of upcoming events. Currently, the list includes the names of people who have participated in community outreach events such as the "National Night Out," block parties, traffic calming meetings, business outreach events, and community meetings. In the first year alone, the neighborhood contact list grew to approximately 1000 names.



photo by Doug Schwartz

On the Horizon

While this Annual Report primarily reports on the Town's accomplishments in 2005/06, we would like also to preview two key projects underway currently:

ePermit System

Beginning in September, the Community Development Department started work on upgrades to the Town's planning and building permit software. The goals of this project are to allow issuance of combination building permits, to increase automation of the building permit system, and to enhance the management information system.

Perhaps most noteworthy is that the upgrades will implement ePermit capabilities that will allow customers to view permit information, conduct permit searches, and schedule inspections over the Internet. In addition, customers will be able to submit, pay, and obtain permits, and to schedule inspections for simple building permits entirely online. We anticipate that 8 to 12 types of permits will be issued online. The system is planned to be rolled out by the end of the year.

New Online Services

As part of the Town's effort to enhance communication with the community, plans are underway to introduce live and archived video of Town Council meetings on the Town website. Residents will be able to view live and archived video of entire Council meetings, or to view just specific portions of these meetings by clicking on selected agenda items. Users will also be able to conduct keyword searches to view by issue, or to view by meeting date. During webcasts, the meeting agenda will be posted and the item currently under discussion will be listed directly below. Electronic copies of staff reports will also be accessible.

This new service is planned for implementation this fall. The live and archived video will be accessible from the Town's homepage, www.losgatosca.gov, under "Live and Archived Town Meetings." Meetings will continue to be broadcast on KCAT Channel 15 via the Comcast cable system.

Awards and Recognition

Parks Award

Oak Meadow Park was recognized by *Bay Area Parent* magazine as the “Best Parks/Recreational Site” in Silicon Valley for a third consecutive year, based on the votes of the magazine’s readers. Oak Meadow Park, located on Blossom Hill Road at University Avenue, is a popular 12-acre park featuring a large grass field, a playground with a real, decommissioned USAF-T33 jet airplane, bocci ball courts, barbeque and picnic facilities, the Billy Jones Wildcat Railroad, the W.E. Bill Mason Carousel, and access to Vasona County Park and the Los Gatos Creek Trail.



photo by Ken Benjamin

Community Policing

In April, the Los Gatos/Monte Sereno Police Department received a finalist award for the 2006 James Q. Wilson Award for Excellence in Community Policing. The James Q. Wilson award is sponsored by the Regional Community Policing Institute – California, in association with the Office of the Attorney General, California Department of Justice. It is presented annually to police departments that have successfully instituted a community policing philosophy. Twenty-one law enforcement agencies applied for recognition; the Los Gatos/Monte Sereno Police Department was one of only three California departments recognized, and the only northern California agency to be so recognized. This award signifies the Police Department’s commitment to building community relationships, engaging in community problem solving, and knowing everyone in our community.

26th Year Tree City USA Award

Los Gatos received the distinguished Tree City USA Award for the 26th 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.



Distinguished Budget Award

The Town received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for Fiscal Year 2005/06. It is the highest form of recognition in governmental budgeting and represents a significant achievement by the Town.

In order to earn this award, the Town’s budget must be rated as proficient in all four of the guideline categories. These guidelines are designed to assess how well the Town’s budget serves as a policy document, a financial plan, an operations guide, and a communications guide.

Community Unity

Community Unity won the prestigious Helen Putnam Award for Excellence from the League of California Cities. It was one of only three winners in California in the category of Enhancing Public Trust, Ethics, and Community Involvement. Community Unity is a grassroots effort to bring together Los Gatans focused on maintaining and improving community, building community partnerships, and fostering civic pride. The Town’s role is that of a facilitator of the forum through which volunteer partnerships are made and maintained.

The Town was honored to send a delegation to the annual League conference in San Diego, where members had the opportunity to present Community Unity to public officials and staff from municipalities around the state.



Fiscal Perspective

A Fiscal Perspective for FY 2006/07

In early June, the Town Council adopted the FY 2006/07 Operating, Capital, and Redevelopment Agency budgets for the Town. The Town takes great care in preparing its budgets each year as these documents establish basic spending policies, operational workplans, 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, or rehabilitation of Town infrastructure. The Redevelopment Agency budget identifies and funds redevelopment infrastructure projects and economic vitality programs in the downtown area.

The Town's five-year financial plan projects a moderate excess of operating revenue above operating expenditures for FY 2006/07. Based on this forecast, a "status quo" budget was recommended for FY 2006/07. This scenario means that the adopted budget for the current fiscal year funds the current level of service now in place.

This favorable situation is the result of positive economic trends coupled with the Town's proactive effort to reduce expenses, retain and protect vital revenue sources, and balance services with projected revenue streams. The Town's cost saving efforts total nearly \$4.5 million through FY 2005/06 and have prevented revenue shortfalls in recent years. However, they alone are not sufficient to eliminate the ongoing budgetary challenges projected in future years.

Mindful of the projected revenue shortfalls expected to occur beginning in FY 2009/10, the adopted FY 2006/07 "status quo" budget will provide more time for the Town to explore cost sharing opportunities, service delivery options, and alternative revenue strategies. The Town is also positioned to focus on priority issues which include maintaining public safety, enhancing streets and parks, providing library and community services, and protecting the Town's fiscal health.

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.

As the chart to the right shows, Los Gatos is heavily dependent upon local economy-based revenues, with sales & use tax as the Town's primary revenue source. This revenue has remained steady the last few years, rather than experiencing 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 and vehicle license tax both continue to be steadily growing revenue sources for the Town and account for more than a quarter of the 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 fluctuate.

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 2006/07 planned expenditures of \$28.6 million by service area. However, with economic times still uncertain and the possibility of additional unanticipated future state reductions, adjustments to the budget may need to be implemented over the next fiscal year.

Future Outlook

The Town has positioned itself well for times of economic hardships through diligent attention to sound fiscal practices. Operational savings were planned and set aside for strategic use in challenging times. This fiscal planning effectively builds in a smoothing effect over time in an up and down economy, allowing the Town's core services to remain intact.

The five-year forecast indicates that the local economy is strengthening, but the Town still faces challenges in maintaining a balanced budget in future years. The Town Council continues to place a high priority on improving the Town's economic vitality and protecting revenues, while the administration explores ways to better use resources.

For More Information

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

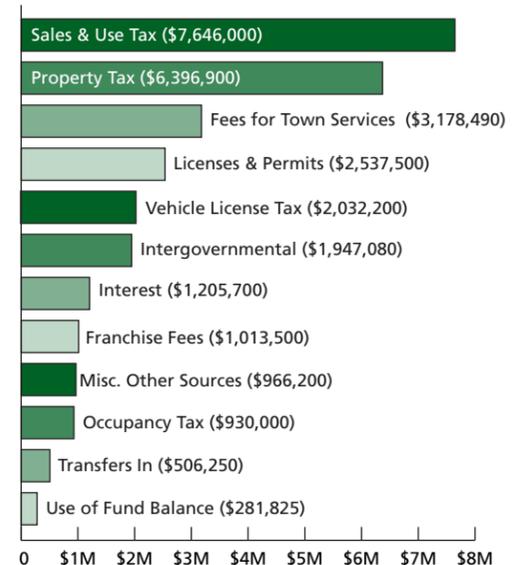
Mailing Address:
P.O. Box 949
Los Gatos, CA 95031

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

Email manager@losgatosca.gov

Website www.losgatosca.gov

General Fund Sources FY 2006/2007 (\$28.6 Million)



General Fund Uses FY 2006/2007 (\$28.6 Million)

