



MEETING DATE: 10/15/2007

ITEM NO: 3

COUNCIL AGENDA REPORT

DATE: OCTOBER 11, 2007

TO: MAYOR AND TOWN COUNCIL

FROM: PAMELA S. JACOBS, INTERIM TOWN MANAGER

P. Jacobs

SUBJECT: ACCEPT FY 2006-07 ANNUAL REPORT

RECOMMENDATION:

Accept FY 2006-07 Annual Report.

BACKGROUND:

Town Code requires the Town Manager to submit to the Town Council a report on the finances and administrative activities of the Town at the end of the fiscal year. The first quarter budget report presented to Council on October 15, 2007 provides an overview of the Town's financial status. Detailed information on the Town's finances for last fiscal year will be provided in the Comprehensive Annual Financial Report (CAFR) presented to Council in early 2008.

Prior to FY 2002-2003, staff provided a report to Council regarding activities and accomplishments in memorandum form. Beginning in FY 2002-2003, the annual report has been produced in newsletter format and delivered to Los Gatos households.

DISCUSSION:

Attached is a copy of the annual report for FY 2006-07. The newsletter version will be available and mailed to all Los Gatos addresses the week of October 15th following the Council meeting. Additional copies of the Annual Report will be available for distribution throughout the year.

ENVIRONMENTAL ASSESSMENT:

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

Pamela S. Jacobs

PREPARED BY: **PAMELA S. JACOBS**
Interim Town Manager

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Reviewed by: _____ Assistant Town Manager *OK* Town Attorney
_____ Clerk Administrator *sc* Finance _____ Community Development

PAGE 2
MAYOR AND TOWN COUNCIL
SUBJECT: ACCEPT FY 2006-07 ANNUAL REPORT
October 11, 2007

FISCAL IMPACT:

Funds for producing the incremental cost for printing the Fiscal Year 2005-06 Annual Report are available in the Town Manager's budget.

Attachment: FY 2006-07 Annual Report (black and white version)



Annual Report

TOWN OF LOS GATOS | FY 2006/2007

We are pleased to present to you the *Town of Los Gatos Fiscal Year 2006/07 Annual Report*. It covers the period from July 2006 through June 2007, and highlights some of the accomplishments of the Town organization and the many partners we work with to build a great community.

In every issue of the Annual Report, we call out a particular type of activities to give the community more insight into its local government.

In previous years, volunteer opportunities and communication methods were featured. This year, we are highlighting the actions the Town has taken to maintain or enhance the publicly-owned physical assets in the community, such as the streets, sidewalks, parks, municipal buildings, etc. Some of these efforts are ongoing, such as street and sidewalk maintenance. Others are one-time improvements to address particular needs, such as upgrading restrooms at a Town park. 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 2007/08 on the back page. We invite you to read, share with your friends and neighbors, and give us your feedback, ideas, and suggestions.

— Pamela Jacobs, Interim Town Manager

Planning for Public Facilities

One of the most important jobs of your Town government is to maintain a broad array of public facilities that serve the community. The Town's public facilities range from infrastructure such as streets, sidewalks, signs, traffic lights, to outdoor public places, such as parks, trails, open spaces and playing fields to buildings, such as Town Hall (with police, library, community development and administrative services), the Corporation Yard and the Neighborhood Center.

For all of these facilities, it's important for the Town to plan ahead to keep the facilities in a safe and operational condition and to ensure they meet the needs of the community. The Capital Improvement Program and the General Plan are two documents in which this planning takes place. The General Plan provides a long-term framework that sets forth goals and policies for land use decisions and other issues that are important to consider in the ongoing development of the community. Reflecting a five-year timeframe, the Capital Improvement Program identifies construction, improvement, and/or rehabilitation projects relating to the Town's infrastructure.

This Annual Report presents highlights of Town actions over the past year to maintain and enhance our infrastructure and outdoor public places. One article lists the capital improvement projects that were completed last year, including street paving, crosswalk enhancement, pathway improvements and more. In the "On the Horizon" section, there is a preview of the upcoming update of the General Plan the Town will be launching in 2008 and of the new library project. Two additional articles feature the completion of the Civic Center Master Plan and the purchase of a building to house some of our police operations.

In keeping with our guiding principles of *Community Stewardship* and *Future Focus*, the Town continues to work to keep our physical assets in good condition for today's residents and future generations.

Town Council

Joe Pirzynski
Mayor

Barbara Spector
Vice Mayor

Steve Glickman

Diane McNutt

Mike Wasserman



Photo by Steve Grady

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.

Community Programs and Outreach

Library Services

100 Years of Children's Services

During the past fiscal year, Los Gatos Library celebrated 100 years of children's library services to the community. In 1906, librarian Henrianna A. Rankin decided to create a children's corner in the one-room Los Gatos Carnegie Library, located on land that is now the Episcopal Church's parking lot. Miss Rankin's innovation was noticed by the California State Library, and a photographer was dispatched to Los Gatos to record the new service. Children were not welcome in most public libraries in the early 20th century, and Los Gatos library took the lead in changing that situation. Our library takes pride in its excellent children's collections and programs that have evolved from Miss Rankin's new idea.

Children's Programs

A highlight of the year at the library is always the extensive series of programs attended by thousands of children. The library provided four story times each week, designated for toddlers, preschoolers, families, and for children 0 – 18 months old and their parents or caregivers. In addition, the library held special holiday programs, sing-alongs, puppet theater shows, and after-school programs, all underwritten by the Friends of the Library. The library also sponsored an adult book club, a knitting/reading club, and three separate book clubs for youth from third through seventh grades.

Friday Forums

The Friends of the Library continued their series of popular Friday Forums. In November, journalism professor John McManus, a former newspaper reporter, spoke about his book *Market-Driven Journalism*, concerning how the markets shape the news we receive. On February 9, Los Gatos' own Steve Wozniak, sometimes called "the Edison of the wired age," gave a fascinating talk to a large audience and signed copies of his new autobiography, *I Woz*. Many had to be turned away for lack of room. The audience sat spell-bound for two hours while Wozniak

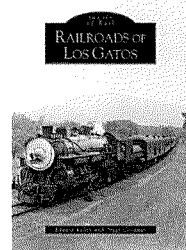
talked about growing up in Silicon Valley, his family, and the design of the computer that would later be known as Apple I. In May, Dr. Susan Shillinglaw, a world-recognized expert on John Steinbeck, signed her latest book, *A Journey into Steinbeck's California*, concentrating on the author's sojourns from Salinas to Pacific Grove and to Los Gatos. Dr. Shillinglaw included research she had conducted in the library's history room.

Railroads of Los Gatos

In December 2006, *Railroads of Los Gatos*, the story of the South Pacific Coast Railroad, Southern Pacific Railroad, San Jose – Los Gatos Interurban Railway, and the Billy Jones Wildcat Railroad was published through the efforts of Library Director Peggy Conaway and Edward Kelley, a local college student.

Hundreds of archival photographs, most from private collections, were used to illustrate how the railroad systems affected the economy and culture of Los Gatos. Rail transportation and shipping lasted in Los Gatos for more than 80 years, from 1877 – 1959. *Railroads of Los Gatos* recalls not only the trains, but also the names and deeds of those who built and operated the railways which were central to life in Los Gatos for so many years. Newcomers to town may appreciate the lengthy downtown parking areas that run parallel to Santa Cruz and University Avenues, without realizing that their automobiles are sitting on what was once railroad right-of-way.

The book is available at the Los Gatos Public Library and Museums of Los Gatos, in local retail and book shops, and through the major online book sellers. It also is carried by railroad and hobby shops around the country. To date, 1,800 copies of the book have been sold. Profits from sales by Friends of the Library are donated back to the Library to support local history projects.



Future Leaders

In 2006, the Town Council instituted a Future Leaders Pledge designed to integrate our local Los Gatos youth into the public process. On the 1st and 3rd Monday of each month, local youth are asked to lead the Pledge of Allegiance at Town Council meetings. The youths selected to lead the pledge are students at both public and private elementary, middle and high schools. They are selected based on their leadership at school and/or in the community. To date, more than 50 youth have participated in the Future Leaders program.

Broadcasting of Planning Commission Meetings

As part of the Town's ongoing effort to enhance communication with the community, the Town began live broadcasts of Planning Commission meetings on April 25, 2007. The meetings can be viewed on KCAT Channel 15. In addition to the televised broadcasts, Commission meetings are also streamed live over the Internet. Residents are able to view live and archived video of entire Commission meetings, or to just view specific portions of these meetings by clicking on selected agenda items. During webcasts, the meeting agenda is posted and the item currently under discussion is listed directly below the screen. Electronic copies of staff reports are also available.

The live and archived video of Town Council and Commission meetings is accessible from the Town's homepage, <http://www.losgatosca.gov> under "Live and Archived Town Meetings."

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 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.

Second Chance Week – Donation Drive

Second Chance Week, held October 16 - 20 by the Community Services Department, was the most successful to date. Approximately 3,950 pounds, (1.98 tons of donated goods) and 100 pairs of eyeglasses were collected. The event brought out many generous and thoughtful donors. A number of donors commented that they were proud that the Town of Los Gatos organized this type of event, benefiting organizations that serve the homeless. Donated items were distributed to InVision, EHC Lifebuilders, Next Door Solutions to Domestic Violence, and St. Lukes Pantry Program, that provide services to those in need. Donated eyeglasses were donated to the Los Gatos Lions Clubs "Lions In Sight" program, which gives the refurbished glasses to people in third world countries. The objective of this event was to promote waste diversion through reuse. This event

was held in conjunction with the State-wide Second Chance Week (October 15- 21, 2006), a public awareness campaign that promotes reuse, repair and recycling.

Los Gatos Celebrates the 4th of July

The 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 and music; and 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

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 these events, 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 sixth annual Screen on the Green was held at Oak Meadow Park in September, 2006. This annual outdoor event features a popular film suitable for families, shown on a giant, 28' screen. Two short films from the Los Gatos Cinecats Film Festival were shown before the feature presentation. Families and friends then enjoyed "Bye Bye Birdie," a 1963 classic starring Janet Leigh, Dick Van Dyke, and Ann Margaret.

Community Development, Housing, and Planning

Noteworthy Projects

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 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, downtown, 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 permits were approved, and/or made major construction progress. Following are brief descriptions of each:

Sobrato Project

Winchester Boulevard at Highway 85

The first two phases of this complex project are now complete. The first phase, an 80,000 square foot office building, was completed in December 2005. This attractive building is the headquarters of the DVD rental company Netflix. The second phase consists of a new residential community called Aventino

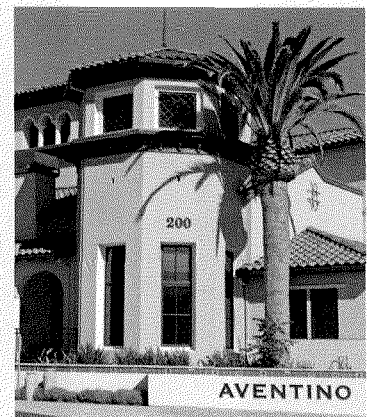
located behind the Netflix headquarters. This project has 290-unit apartments, which include 51 Below Market Price rental units, and was completed in Summer 2007. The leasing of the units has proceeded very rapidly.

A second, 80,000 square foot office building for Netflix is the third and last phase of the Sobrato project. Construction of the building began earlier this year and is expected to be completed by the end of 2008.

Villa Felice Site

15350 Winchester Boulevard

In 2006, the Town approved an application by Robson Homes to construct a new residential neighborhood called Bella Vista at the site of the former Villa Felice Motel and Restaurant. The project includes 29 single family residences and five below market price. The previous motel and restaurant buildings have been demolished and construction of the homes is well underway. Completion of the first phase is expected by the end of the year while the second phase will be completed in Summer 2008.



Community Development, Housing, and Planning

Business Vitality

Los Gatos values its business community. Over the past year, Town staff continued to monitor commercial trends in the Town's business districts, including vacancy information and market lease rates, to identify opportunities for business retention and attraction. Primary business districts in the Town include the office and research and development district on University Ave., 11 neighborhood centers, Los Gatos Boulevard commercial area (office and retail) and downtown.

The University area is experiencing an 80% occupancy rate with a modest 5% decline over the year due to real estate and financial service providers closing. The Town's R&D parks continue to prosper with an 8% increase in occupancy rates, thus closing out the 2007 year with a healthy 90% occupancy rate.

Neighborhood centers and businesses along Los Gatos Boulevard maintained a high occupancy rate of 90%, with 8 out of 11 neighborhood centers fully leased. Downtown's dynamic marketplace continued to demonstrate a vibrant leasing environment, with many new businesses joining or expanding in the local marketplace:

New Businesses:

- Blossom Home
- Café Delatti
- Dio Deka
- Ethan's
- Furry Tails
- Kaela for Babies
- Life is Good
- Napa Style
- Plush
- Salt
- Starbucks

Expansions/Relocations:

- Akeena Solar (Moved to Los Gatos Boulevard)
- Indian Store (Moved to West Main Street)
- Papyrus
- White House Black Market

Examples of the diverse and unique shops that received permits this past year to open in the downtown include:

- **Green Vehicles** – 33 North Santa Cruz Avenue: Owned by Los Gatos residents, Green Vehicles will be a retailer of electric vehicles, including cars, scooters, and bicycles. The store will also sell energy efficient products such as radiant heating and solar lighting systems. Green Vehicles is expected to open in late Fall 2007.
- **Apple Store** – 23-25 North Santa Cruz Avenue: In February, the Town approved a permit for a 5,300 square foot Apple Store which will be the only store in Town dedicated exclusively to computers, peripherals, and personal electronics. Apple opened in September 2007.
- **Pharmaca** – 54 North Santa Cruz: In March, a permit was approved for Pharmaca to open in the 3,700 square foot space formerly occupied by Lipstream Flyfishing. Pharmaca is a full service pharmacy and retailer of traditional over-the-counter medicines and natural health and wellness products. The store is expected to open late Fall 2007.

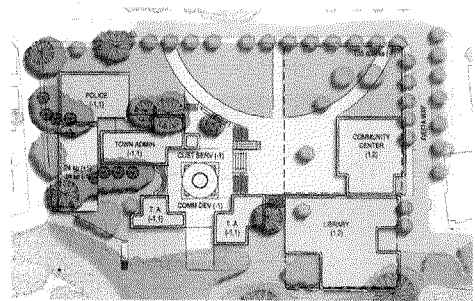
Long-Term Civic Center Master Plan Approved

In June 2007, the Town Council approved the Civic Center Master Plan (CCMP). The CCMP reflects the Town's long-term facility needs based on the services the Town currently provides and those the community desires for the future. Evolving over five years, the CCMP actually has its roots in planning efforts for a new library in the 1980s.

The Civic Center was built in 1964 when the Town population was about 9,000. With approximately 29,000 residents today, the community has both greater and different needs than envisioned four decades ago. The master planning process was intended to determine the public's needs for services over the next 25+ years, and to evaluate options for meeting those needs through existing and/or new public spaces. Completion of the master plan is not a commitment to undertake any of the improvements. It is a plan for how to proceed over the course of time, if and when the Council and community so desire.

While the CCMP addresses all of the services provided at the Civic Center, it identified two clear priorities for additional space: for police services and for library services. Another article in the Annual Report discusses the action taken by the Town Council to purchase a building that will be used to house a portion of police operations. The Town Council also approved proceeding with analysis and planning for a new library, which will begin this fall.

The CCMP reflects community input received through focus groups, community forums, Council meetings, and surveys. Professional architects worked with Town staff to integrate the input into the CCMP. With the approval of the CCMP, the Town has a framework in place to make decisions about future facility improvements to enhance service delivery as opportunities arise over the next 25 years. You can view the CCMP at www.losgatosca.gov/civiccentermasterplan.



Marketing Los Gatos

Each year the Town of Los Gatos coordinates a multi-faceted marketing campaign designed to build visitor awareness through destination marketing efforts, and to encourage Los Gatos residents to invest in their community by shopping locally.

As local wineries, restaurants, retailers, and boutique hotels continue to gain notoriety regionally, nationally, and world-wide, Los Gatos has become a compelling travel destination. Sharing Los Gatos' amenities with visitors adds to the community's economic vitality through their expenditures at local hotels, shops and restaurants.

On the local front, residents contribute to the success of local businesses when they shop and dine locally. Successful businesses help to ensure a vital marketplace that provides goods and services for the community, as well as revenue to support local services such as parks, street improvements, library programs, and public safety.

The Town's ongoing marketing campaign, conducted in conjunction with the Los Gatos Chamber of Commerce, aims to encourage residents and visitors to enjoy the remarkable stores, restaurants, and hotels Los Gatos has to offer. Over the past year, the Town focused on two key marketing efforts:

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 included the *Los Gatos Weekly Times* and the *Saratoga News*. The Town also ran an annual promotional advertisement in the *Explore Silicon Valley* publication that is available in most major hotels throughout San Jose and Santa Clara.

Hometown for the Holidays

This program encouraged local business owners to extend their weekday evening hours during the holiday season. Ads listing all participating businesses were placed in the *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.

Parks and Open Space

Parks Improvements

Los Gatos is fortunate to have many neighborhood parks and play lots scattered throughout the community for a variety of activities. The high level of use of our parks, combined with the effects of winter storms and hot summer days, require ongoing maintenance to keep the parks in good condition. During the year, improvements were made to the following parks, trails and pathways, and recreational facilities:

Restroom Upgrades

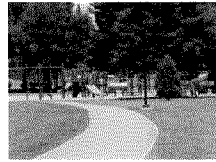
Two park restrooms were repaired in 2006/07. The roof of the restroom at Oak Meadow Park was replaced and the restroom facility was upgraded. The restroom facility at Belgatos Park was also upgraded. In addition, the Los Gatos-Saratoga Community Education and Recreation Department, which is housed in a Town-owned building, restrooms received Americans with Disabilities Act (ADA) upgrades.



Oak Meadow Park Restroom Upgrade

Pathway Resurfacing

Over two miles of asphalt pathways were resurfaced this past summer. The pathways in Belgatos Park, Blossom Hill Park, and Los Gatos Creek Trail were repaired and resurfaced to enhance pedestrian and bicycle access.



Blossom Hill Pathways

Park Retaining Wall Replaced

A long section of hillside retaining wall was replaced, near the west entrance to Oak Meadow Park from University Avenue. This wall became severely damaged after the heavy rains in the spring of 2006. This project ensures access to the adjacent park pathway.

Solid Waste and Recycling Services

West Valley Collection and Recycling, which replaced Green Valley Disposal Company as the local trash hauler, started services to the West Valley area on March 1, 2007.

Some of the key service components include:

- 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.
- Co-mingled recyclables will mean no more sorting for residents.

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 needed.



Capital Improvement Projects

Pedestrian Safety Enhancements

Pedestrian safety is a Town priority. Several improvements were made to Los Gatos streets and roadways in FY 2006/07 to enhance the safety of pedestrians and bicyclists:

- Speed radar display boards, were installed on Los Gatos Boulevard and on Blossom Hill Road to reduce speeding in the areas around Van Meter and Blossom Hill Elementary Schools and Fisher Middle School.
- Crosswalk improvements were made at North Santa Cruz Avenue and Roberts Road to enhance pedestrian safety in this high-traffic pedestrian area.
- Pedestrian countdown signals were installed at Shannon/Roberts Road and Los Gatos Boulevard; Nino and Los Gatos Boulevard; Blossom Hill Road and Cherry Blossom; Blossom Hill Road and Roberts Road East; and Daves Avenue and Winchester Boulevard. Improvements to pedestrian signals throughout Town will continue during the next fiscal year.
- Sidewalk and bicycle lanes have been added to the south side of Blossom Hill Road between University Avenue and Roberts Road.

- Over 1,500 feet of pathway and adjacent fencing were replaced and/or repaired on College Avenue.

Road Improvements

Several important roadway improvements were conducted during FY 2006/07. Los Gatos-Almaden Road was repaired and resurfaced last fall. Improvements included signalization upgrades to the traffic signals at National Avenue, additional storm drain facilities and the installation of designated bicycle lanes to increase bicycle safety and enhance bicycle route alternatives. During FY 2006/07, the Town successfully initiated an annual program to re-stripe town-wide roadway centerlines, crosswalks, stop lines and signal light markings. Additionally, annual repair and replacement of existing curbs, gutters and sidewalks throughout the Town were conducted to enhance existing infrastructure, based on priority needs. Finally, a retaining wall was replaced on Villa Avenue that was damaged from the heavy spring rains, preventing the hillside from spilling out onto the street.

Transportation and Infrastructure

Bicycle Safety

Since May 2007, the Los Gatos/Monte Sereno Police Department (LGMSPD), along with several other public safety agencies in Santa Clara County have been participating in a Juvenile Traffic Diversion program. The program focuses on helmet and pedestrian safety for youth under the age of 18. Youth who receive citations for bicycle, skateboard, and other pedestrian related violations are offered an opportunity to attend a two-hour diversion class with their parents in lieu of paying a fine and attending traffic school. The class provides an overview of laws regarding bicycle, skateboard, and pedestrian safety coupled with a special presentation by a brain injury survivor. At the end of the

class, participants receive a free bicycle helmet, provided through local and state grants. The LGMSPD has hosted two successful diversion classes for more than 100 youth and adults.

To encourage the use of helmets, the Department implemented a Helmet Recognition program. The program concept came from a seven-year-old Monte Sereno youth and his parents. Ice cream coupons provided by a Los Gatos downtown shop, were dispersed by LGMSPD officers to reward those who followed helmet and pedestrian safety laws. To date, nearly 400 youth have been treated to ice cream for wearing their helmet.

New Police Facility Approved

In June 2007, the Town Council purchased the previously owned Verizon building at 15900 Los Gatos Boulevard to be used for police services. The purchase of this property was based on the Civic Center/Library Master Plan which determined the community's facility needs and how best to meet those needs. Feedback from residents, businesses, library patrons, seniors, and the general public, combined with technical analyses of space needs led to a vision for the Civic Center site, which included a new police facility.

The purchase of the facility was necessary as the Police Department has outgrown its current building which was constructed over 40 years ago. The 8,600 square foot facility will be expanded to approximately 12,000 square feet to accommodate a majority of police services, including patrol, investigation, and evidence functions. Customer service and administrative, records, and dispatch functions will continue to be provided at the Civic Center. The new facility will expand police presence throughout the Town, improve response time to neighborhoods and businesses in the immediate area, and provide a modern facility that can enhance the Department's technological capabilities to better serve the community.

Community meetings will be held in Fall 2007, as the plans for the facility are finalized. It is anticipated that "groundbreaking" will occur in March 2008, with a grand opening tentatively scheduled for January, 2009.

Los Gatos Prepared Campaign

Last October, the Town launched a disaster preparedness campaign encouraging community members to be self-sufficient during the time immediately following an emergency. The focus of the campaign was on community self-sufficiency for at least 72 hours after an earthquake and two to four weeks in the event of a pandemic flu.



The campaign began with the Mayor proclaiming October to be "Los Gatos Prepared Month," followed by emergency preparedness displays at the Farmers Market on October 8

and 15. The keynote event of Los Gatos Prepared was the 18 neighborhood emergency preparedness display sites presented by 42 CERT (Community Emergency Response Team) members on the evening of October 17, the 17th anniversary of the 1989 Loma Prieta earthquake. The open houses were held throughout Los Gatos, educating residents on how to be prepared during a disaster.

A wide variety of educational material was developed and distributed at the Farmers Market booths and open houses, including emergency supply checklists, family communication plan templates, instructions on how to make your home safe, and how to plan for the special needs of children, seniors, and pets. All of this material is now available on an ongoing basis on the Town's emergency preparedness website: www.losgatosprepared.org

On the Horizon

General Plan Update

Beginning in FY 2007/08, the Town will begin the process of updating the Town's General Plan. The Town Council believes the current General Plan is serving the community well but could use some fine tuning. Thus, the update will not be a complete overhaul but rather a refinement of the existing General Plan to identify outdated information and new issues to be included. Also, State Law requires the Housing Element to be updated by January 2009. You can view the General Plan on the Town's web site at: <http://www.losgatosca.gov/generalplan>

The Council will be seeking public input through a variety of outreach efforts which may include a community wide visioning session, neighborhood meetings, Council meetings, and Commission and Board meetings. Staff will be working on the update with the General Plan Committee. If you are interested in being involved in the General Plan Update, you can receive information by signing up on the Town's electronic mailing list at <http://www.losgatosca.gov/notifyme>

Planning for New Library

In October, 2007, the Town Council approved proceeding with planning for a new library to be located on the southeast corner of the Civic Center site. The need for additional library space was identified as a priority in the Civic Center Master Plan, due to the overcrowded conditions and high daily usage of the existing library. Planning will begin to determine the size of library that can be funded within the Town's means (without additional costs to the taxpayers). Stay tuned for opportunities to provide input on the design and features of the new library.

Awards and Recognition

27th Year Tree City USA Award

Los Gatos received the distinguished Tree City USA Award for the 27th 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 2006/07. 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.

Annual Financial Report Applauded

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.

Capital Excellence Award

The Town was one of 23 California cities to receive a Capital Budgeting Excellence award in FY 2006/07 from the California Society of Municipal Finance Officers. In the fall of 2006, the Town submitted its 2006-11 A Five-Year Capital Improvement Program (CIP) for review by the Society and received the award in March, 2007. To receive this award, the CIP document was 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 about the Town's approved Five-Year capital program.

Community & Business Recognition Awards

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

- **Manresa:** Proprietor David Kinch was honored for bringing Los Gatos prestige and recognition through his culinary talent.
- **Akeena Solar:** Chief Executive Officer Barry Cinnamon was honored for his dedication to solar power and clean electricity to protect the environment.
- **George Kennedy:** Former Santa Clara County District Attorney and Los Gatos resident was honored for over 35 years of public service.
- **The Venue:** Mike Loya, Teen Coordinator for Los Gatos-Saratoga Recreation was honored for his advocacy on important teen issues and for increasing attendance at the venue from 50 teens a day to over 300-400 a day.
- **The Los Gatos Chamber of Commerce:** Ronee Nassi, Executive Director, was honored for her enthusiasm and dedication to making Los Gatos a very special place to live, work, and play by supporting the local business community, community groups, and local charities.



Fiscal Perspective

A Fiscal Perspective for FY 2007/08

In early June, the Town Council adopted the FY 2007/08 Operating, Capital, and Redevelopment Agency budgets for the Town. The Town takes great care in preparing its budget 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 2007/08. Based on this forecast, a "status quo" budget was recommended for FY 2007/08. 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. These positive trends alone are not sufficient to eliminate the ongoing budgetary challenges projected in future years, however.

The updated Five-Year Plan forecasts the potential for projected revenue shortfalls which may occur beginning in FY 2010/11. The adopted FY 2007/08 "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.

For More Information

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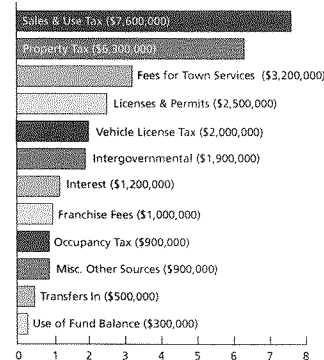
General Fund Sources

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 have remained stable in recent years.

**General Fund Sources
FY 2007/2008
(\$28.3 Million)**



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 2007/08 planned expenditures of \$30.7 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.

**General Fund Uses
FY 2007/2008
(\$30.7 Million)**

