
From: Phil Koen [REDACTED]
Sent: Tuesday, May 2, 2023 6:11 AM
To: Gitta Ungvari; Laurel Prevetti; Wendy Wood
Cc: Rick Tinsley; Rob Rennie; Maria Ristow
Subject: Recommendation for FY 24 budget adjustment
Attachments: excess-ERAF-distribution-cities-estimate-FY23-24.pdf

[EXTERNAL SENDER]

Gitta,

Since this report has been published by the County of Santa Clara County and is available to the public, I recommend that the \$2.2m estimated ERAF funds be included in the FY 24 budget. If the County was concerned about the lawsuit, why would they publish for public consumption this estimate? Based on this, the current FY 24 estimate of \$1.6m in my opinion is overly conservative and should be adjusted.

I intend to make a motion at the next FC meeting to adjust the FY 24 budget to reflect the county's most current ERAF estimate of \$2.2m

Thank you

Phil

<https://controller.sccgov.org/sites/g/files/exjcpb511/files/2023-03/excess-ERAF-distribution-cities-estimate-FY23-24.pdf>

Preliminary FY2023-24 Excess ERAF Distribution Estimates
[Based on February 2023 preliminary reports, subject to change]

FY2023-24 Distribution Preliminary Estimates	
	(rounded to \$ '000)
CITIES:	
Campbell	\$ 1,915,000
- Campbell Municipal Lighting District	95,000
Cupertino	911,000
Gilroy	1,780,000
Los Altos	3,408,000
Los Altos Hills	500,000
Los Gatos	2,203,000
Milpitas	3,618,000
Monte Sereno	46,000
- Loma Serena Municipal Lighting District *	-
Morgan Hill	2,169,000
Mountain View	7,993,000
- Mountain View Parking District No. 02	94,000
Palo Alto	6,079,000
San Jose	36,023,000
- San Jose Maintenance District No. 01	20,000
Santa Clara	5,367,000
Saratoga	863,000
- Fredericksburg Drive Parking District *	-
- Greenbriar Parking District *	-
- Manor Drive Parking District *	-
Sunnyvale	10,564,000
Total Cities	\$ 83,648,000

* Estimated distribution of less than \$500 rounded to \$0.

Gitta Ungvari

From: Phil Koen [REDACTED]
Sent: Tuesday, May 2, 2023 6:23 AM
To: Gitta Ungvari; Laurel Prevetti; Wendy Wood
Cc: Rick Tinsley; Rob Rennie; Maria Ristow
Subject: FY 23 financials
Attachments: excess-ERAF-distribution-cities-FY2022-23.pdf

[EXTERNAL SENDER]

Gitta,

Based on the County's latest published estimate it appears that the Town will be receiving in June \$2,298,691 in excess ERAF. Based on what we heard last night at the FC meeting, the FY 23 estimate has only \$1.5m for these funds.

I recommend the Town revise the current FY 23 estimate to reflect the most up to date forecast from the County. This means, assuming no other changes, the FY 23 surplus will be approximately \$2.4m and not the \$1.6m currently reflected in the FY 24 budget.

Phil
<https://controller.sccgov.org/sites/g/files/exjcpb511/files/2023-03/excess-ERAF-distribution-cities-FY2022-23.pdf>

FY2022-23 Excess ERAF Distribution - March 2023 Update**Distribution Date: June 27, 2023**

FY2022-23 Distribution		
CITIES:		
Campbell	\$	2,005,664.33
- Campbell Municipal Lighting District		98,990.49
Cupertino		953,962.59
Gilroy		1,871,157.64
Los Altos		3,530,662.49
Los Altos Hills		525,787.41
Los Gatos		2,298,691.60
Milpitas		3,804,717.59
Monte Sereno		47,041.50
- Loma Serena Municipal Lighting District		89.16
Morgan Hill		2,264,038.19
Mountain View		8,156,584.26
- Mountain View Parking District No. 02		101,137.89
Palo Alto		6,437,661.07
San Jose		37,741,163.65
- San Jose Maintenance District No. 01		21,232.66
Santa Clara		5,502,524.94
Saratoga		904,173.49
- Fredericksburg Drive Parking District		79.94
- Greenbriar Parking District		390.18
- Manor Drive Parking District		194.97
Sunnyvale		10,947,209.19
Total Cities	\$	87,213,155.23

From: Phil Koen [REDACTED]
Sent: Tuesday, May 2, 2023 7:51 AM
To: Gitta Ungvari; Laurel Prevetti; Wendy Wood
Cc: Rick Tinsley; Rob Rennie; Maria Ristow
Subject: Recommendation to correct error
Attachments: Pages from FY-2023-2024-Proposed-Operating-Budget - corrected April 20 (2)(1).pdf; Pages from FY-2023-2024-Proposed-CIP-Budget - corrected.pdf

[EXTERNAL SENDER]

Gitta,

As we discussed at the FC meeting, the 1/2 allocation of Measure G Sales Tax is not properly reflected in the General Fund FY 24 budget. As you can see on the schedule of interfund transfers on C-31 attached, only \$1,615,000 is being transferred from the General Fund to the GFAR. The 1/2 allocation of Measure G sales tax is not reflected as a transfer to the GFAR.

However, on schedule B-10 in the Capital Budget, you can see \$638,273 is recorded as a transfer in from the General Fund to the GFAR.

To correct the mistake, I believe you need to increase the transfer out of the General Fund by the \$638,273. I suspect that the budget has incorrectly reflected this transfer as an "operating expense".

At the next FC meeting I intend to make a recommendation to correct this error.

Thank you.

Phil

SCHEDULE OF INTERFUND TRANSFERS
FISCAL YEAR 2022/23 & 2023/24

Fund Description	Estimated		Proposed Budget	
	2022/23	2022/23	2023/24	2023/24
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Funds				
General Fund	\$ 538,536	\$ 2,987,359	\$ 538,536	\$ 1,615,000
Special Revenue Funds				
Urban Run-Off Program	-	-	-	-
Landscape & Lighting Districts				
Blackwell District	-	460	-	460
Kennedy Meadows District	-	1,510	-	1,510
Gemini Court District	-	610	-	610
Santa Rosa Heights District	-	660	-	660
Vasona Heights District	-	1,430	-	1,430
Hillbrook District	-	250	-	250
Internal Service Funds				
Liability Self Insurance-Fund	-	-	-	-
Worker's Comp Self Insurance	-	-	-	-
Information Technology	-	733,000	-	-
Equipment Fund	-	-	-	-
Facilities Maintenance Fund	-	-	-	-
Capital Project Funds				
GFAR	3,720,359	417,616	1,615,000	417,616
Grant Funded CIP Projects	-	-	-	-
Storm Drain #1	-	-	-	-
Storm Drain #2	-	-	-	-
Storm Drain #3	-	-	-	-
Traffic Mitigation	-	10,000	-	10,000
Construction Utility Underground	-	-	-	-
Gas Tax - Street & Signal	-	106,000	-	106,000
Total Transfers	\$ 4,258,895	\$ 4,258,895	\$ 2,153,536	\$ 2,153,536

where is the 1/2 Measure of funds of \$638,273?

PROPOSED

CAPITAL IMPROVEMENT PROGRAM

Financial Summaries

GENERAL FUND APPROPRIATED RESERVES (GFAR)

STATEMENT OF SOURCE AND USE OF FUNDS

SOURCE OF FUNDS	Adjusted Budget 2022/23	Estimated 2022/23	Budget & Carryfwd 2023/24	Proposed 2024/25	Proposed 2025/26	Proposed 2026/27	Proposed 2027/2028
Beginning Fund Balance							
Restricted - VTA Vehicle Registration Fees	296,598	-	296,598	296,598	296,598	296,598	296,598
Assigned - Open Space Trail	152,000	-	152,000	152,000	152,000	152,000	152,000
Assigned - Comcast PEG	50,000	-	50,000	50,000	50,000	50,000	50,000
Assigned - Measure G District Tax	1,769,057	-	2,406,415	638,273	1,292,274	1,164,370	1,053,809
Assigned - Downtown Parking (Tesla Charging Stations)	100,000	-	196,000	292,000	388,000	484,000	580,000
Assigned - ARPA \$2.9M	-	-	1,470,000	275,000	37,500	-	-
Unrestricted	12,416,133	14,783,788	14,442,944	262,763	240,147	242,531	209,915
Total Beginning Fund Balance	\$ 14,783,788	\$ 14,783,788	\$ 19,013,957	\$ 1,966,634	\$ 2,456,520	\$ 2,389,499	\$ 2,342,322
Revenues							
Construction Impact Fees	\$ 110,000	\$ 71,267	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
Refuse Vehicle Road Impact Fee	871,800	365,992	871,800	871,800	871,800	871,800	871,800
Tesla Charging Stations	96,000	96,000	96,000	96,000	96,000	96,000	96,000
Shannon Road Repair	1,565,000	1,565,000	-	-	-	-	-
Street Repair & Resurfacing - 2016 Measure B Funding	1,824,346	1,335,576	1,069,432	-	-	-	-
Street Repair & Resurfacing - Slurry Seal	-	2,113	-	-	-	-	-
Street Repair & Resurfacing - San Jose Water Company	143,713	143,713	-	580,633	580,633	580,633	580,633
Street Repair & Resurfacing - West Valley Sanitation District	55,545	55,545	-	-	-	-	-
Pavement Rehab Crack & Seal - Measure B Funding	180,000	190,649	180,000	180,000	180,000	180,000	180,000
Traffic Calming - Developer Contributions	10,000	-	-	-	-	-	-
Downtown Revitalization (COVID19 Income Replacement)	192,917	-	442,917	-	-	-	-
Curb, Gutter, & Sidewalk - Developer Contributions	10,000	5,320	10,000	10,000	10,000	10,000	10,000
Library Lobby Sound Mitigation	20,755	-	20,755	-	-	-	-
Enterprise Resource Planning Upgrade	33,000	33,000	-	-	-	-	-
VMT Mitigation Program	199,695	-	199,695	-	-	-	-
Charter Oaks Trail Improvement	350,000	-	350,000	-	-	-	-
Operating Transfers In							
From General Fund	2,350,000	2,350,000	1,615,000	1,110,000	1,110,000	1,110,000	1,110,000
From Measure G District Sale Tax	656,978	637,359	638,273	654,002	672,096	689,439	706,032
From IT Fund	700,000	700,000	-	-	-	-	-
From ARPA Fund	2,900,000	2,900,000	-	-	-	-	-
Total Revenues	\$ 12,269,749	\$ 10,451,534	\$ 5,603,872	\$ 3,612,435	\$ 3,630,529	\$ 3,647,872	\$ 3,664,465
TOTAL SOURCE OF FUNDS	\$ 27,053,537	\$ 25,235,322	\$ 24,617,828	\$ 5,579,069	\$ 6,087,048	\$ 6,037,371	\$ 6,006,787

2,253,273
12,269,749
14,523,022
Total in

From: Phil Koen [REDACTED]
Sent: Tuesday, May 2, 2023 8:12 AM
To: Gitta Ungvari; Laurel Prevetti
Cc: Rick Tinsley; Rob Rennie; Maria Ristow
Subject: Recommendation to adjust the budget for self insurance rates to reflect the true loss history
Attachments: Pages from FY-2023-2024-Proposed-Operating-Budget - corrected April 20 (2)(2).pdf

[EXTERNAL SENDER]

Gitta,

Unfortunately, we did not have an opportunity to discuss the budget for Liability Insurance Fund. On D-17 the Staff states that the fund balance for this Program is very low. In fact, it is projected to be only \$12,962 at the end of FY 24. That is down from a fund balance of \$1,290,615 as of the end of FY 20. That is a major concern since the fund is essentially depleted.

This only happens because the actual historical loss experience is not properly reflected in the self-insurance rates being charged to departments through the Internal Service Fund. For example, the FY 24 budget is reflecting an increase in operating expenditures (which presumably is driven by historical loss experience) to \$1,161,313 while the revenue for the program through internal service charges is only \$779,025. This results in the fund balance being drawn down to an unsustainable level.

At the next Finance Committee meeting I intend to make a motion to increase the self-insurance rates to a level which will provide sufficient service charge revenue to the Liability Self-Insurance Program to keep the FY 24 balance at the same level as FY 22 actual balance. By my calculations that will result in a \$800,000 increase in the General Fund internal service charges. The good news, that this increase will be substantially offset by the adjustment in ERAF funds.

To ignore this is to create another unfunded liability that the Town will have to address. Why wait? The operating departments need to be charged the true cost of self-insurance and there needs to be an active process to manage these claims.

Phil

Town Attorney

LIABILITY SELF-INSURANCE FUND PROGRAM 1302

FUND PURPOSE

The Town is a member of the Joint Powers Authority Pooled Liability Assurance Network (PLAN) insurance pool, a self-insurance program established in 1986 to provide general liability, property insurance, and risk management services to 28 cities within the Bay Area. This coverage minimizes the Town's exposure to losses.

The annual premium paid by the Town allows for \$10 million total coverage with a \$50,000 deductible per occurrence. Self-Insurance rates have been established to allocate the cost of this Internal Service Fund accurately to all programs based on staffing levels, thus more accurately distributing and reflecting actual costs of services.

BUDGET OVERVIEW

The Self-Insurance Program is funded through departmental charges based on established assessment rates per labor dollar expended. Due to increased premium costs experienced in this insurance pool, the Town's service charge to all Departments doubled. The Town has a very low fund balance for this Program. To meet the possibility of a future claim, departmental service charges will likely continue to rise. Staff is evaluating and monitoring the performance of the PLAN.

TOWN ATTORNEY Liability Self-Insurance Program

STATEMENT OF SOURCE AND USE OF FUNDS

	2019/20 Actuals	2020/21 Actuals	2021/22 Actuals	2022/23 Adjusted	2022/23 Estimated	2023/24 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance						
<i>Designated</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Undesignated</i>	1,313,305	1,290,615	1,021,083	803,293	803,293	395,251
Total Beginning Fund Balance	1,313,305	1,290,615	1,021,083	803,293	803,293	395,251
Revenues						
<i>Service Charge</i>	\$ 378,133	\$ 376,963	\$ 366,134	\$ 429,249	\$ 419,197	\$ 779,024
<i>Interest</i>	-	-	-	-	-	-
<i>Intergovernmental Revenues</i>	-	-	-	-	-	-
<i>Other Revenues</i>	-	-	-	-	-	-
Total Revenues	\$ 378,133	\$ 376,963	\$ 366,134	\$ 429,249	\$ 419,197	\$ 779,024
TRANSFERS IN						
<i>Transfer from Equipment Replacement</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL TRANSFERS IN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES & TRANSFERS	378,133	376,963	366,134	429,249	419,197	779,024
TOTAL SOURCE OF FUNDS	\$ 1,691,438	\$ 1,667,578	\$ 1,387,217	\$ 1,232,542	\$ 1,222,490	\$ 1,174,275
USES OF FUNDS						
Expenditures						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Operating Expenditures</i>	400,823	646,495	583,924	846,940	827,239	1,161,313
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	-	-	-	-	-	-
Total Expenditures	\$ 400,823	\$ 646,495	\$ 583,924	\$ 846,940	\$ 827,239	\$ 1,161,313
Transfers Out						
<i>Transfer to Grant Fund</i>	-	-	-	-	-	-
Total Transfers Out	-	-	-	-	-	-
Total Expenditures & Transfers Out	\$ 400,823	\$ 646,495	\$ 583,924	\$ 846,940	\$ 827,239	\$ 1,161,313
<i>Designated</i>	-	-	-	-	-	-
<i>Undesignated</i>	1,290,615	1,021,083	803,293	385,602	395,251	12,962
Total Ending Fund Balance	1,290,615	1,021,083	803,293	385,602	395,251	12,962
TOTAL USE OF FUNDS	\$ 1,691,438	\$ 1,667,578	\$ 1,387,217	\$ 1,232,542	\$ 1,222,490	\$ 1,174,275

This makes no sense

TOWN ATTORNEY
Liability Self-Insurance Program

FY 2023/24 KEY PROJECTS

Core Goals	Key Projects
<i>Good Governance</i> Ensure responsive, accountable and collaborate government	<i>Premium Management</i> <ul style="list-style-type: none">• Proactively work with defense council as needed.• Advise departments on recommended insurance requirements and surety bonds.

KEY PROGRAM SERVICES

- Acts as liaison with the Town's Liability Insurance administration.
- Informs Town Council and Town management of potential claims and results.

From: Phil Koen [REDACTED]
Sent: Tuesday, May 2, 2023 1:31 PM
To: Gitta Ungvari; Laurel Prevetti; Wendy Wood
Cc: Rick Tinsley; Rob Rennie; Maria Ristow
Subject: Motion to Establish an Unassigned Fund balance for the FY 23 General Fund
Attachments: Pages from FY-2023-2024-Proposed-Operating-Budget - corrected April 20 (2)(3).pdf; Pages from MEET-Packet-abf677cbd51e46968278b51875277ca2(1)(1)(2).pdf; Summary - Statement No. 54.pdf; Pages from 02._Attach_A_-_ACFR(4).pdf

[EXTERNAL SENDER]

Gitta,

At the next Finance Commission meeting, I intend to make a motion to establish a \$1.0 m Unassigned Fund Balance in the General Fund Balance as of year-end FY 23.

I have attached several documents which hopefully will provide context to this motion. The documents are:

1. Fund Balance – 5-year Comparison taken from the current FY 24 Operating Plan (schedule C-34 and C-35)
2. The GASB 54 Resolution for 2022 which is an example of the resolution necessary to establish an unassigned fund balance for FY 23
3. A write up from GASB which summarizes GASB 54 which is the controlling accounting rules for reporting fund balance classifications.
4. The City of Saratoga’s audited balance sheet for FY 22 which shows the City has an unassigned fund balance totaling \$2.5m

The compelling reason for the Town to establish an unassigned fund balance is to provide a “shock absorber” for unplanned expenses which require funding from the General Fund Balance. Additionally, by creating an unassigned fund balance it will improve the financial reporting by providing a fund balance category which will be more easily understood by the public.

Currently the Town does not have an unassigned fund balance. Rather the Town has segregated the General Fund Balance into 3 fund classifications – namely restricted, committed and assigned. The difference between these three classifications hinges on the relative strength of the constraints that control how specific amounts can be spent. Restricted fund balances are controlled by enabling legislation or external service providers such as a lender. Committed fund balances are used only for specific purposes and are under the control of the Town Council. These funds can be used only through a formal action taken by the Town Council. Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed and are controlled by the Town Manager.

Currently when the Town Council authorizes an unbudgeted expenditure, the funding source for this expenditure must be identified. As an example, if the Town Council authorized a pay increase for the Town Manager, the funding for this pay increase has historically been drawn from the Capital/Special Projects fund balance. This is inappropriate since that fund balance classification was established to pay for capital/special projects and not salary increases. But since the Town does not have an unassigned classification, the town must tap the assigned classification.

If the Town established an unassigned fund balance, the Town could easily use this as a source of funds. Furthermore, everyone would be aware that there was funding available for unplanned expenditures. This will also provide some relief in the budgeting process because the Town Council will know there is a “shock absorber” available for unplanned events.

Most local jurisdictions, such as Saratoga, have established an unassigned fund balance. In fact, as recently as FY 2015, the Town had an unassigned fund balance classification totaling \$2.0m. For some reason after FY 2015 this classification was eliminated.

The process to establish an unassigned balance is by adopting a formal GASSB 54 resolution which must be in place prior to the end of the fiscal year. This means that the GASB 54 resolution for FY 23 must be written to include specific instructions to create the unassigned fund balance. Since it is highly likely that the Town will have at least a \$2.5m surplus of revenues over expenditures in FY 23, there should be sufficient funds available to establish a \$1m unassigned fund balance classification.

I look forward to you supporting this recommendation.

Phil

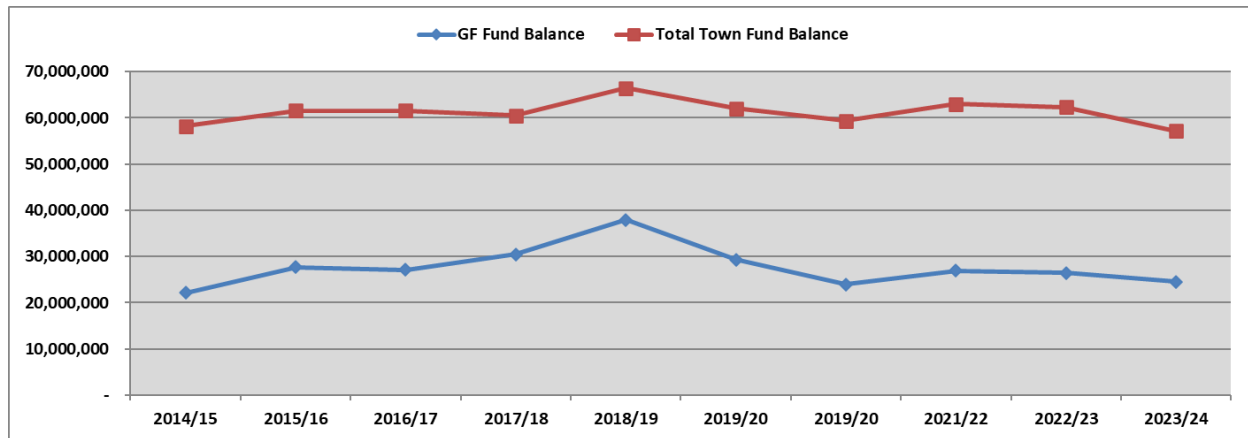
FUND BALANCE RESERVES

5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2020 Actual YE Balance	6/30/2021 Actual YE Balance	6/30/2022 Actual YE Balance	6/30/2023 Estimated YE Balance	6/30/2024 Budgeted YE Balance
GENERAL FUND					
Restricted Fund Balances					
Pension	\$ 669,978	\$ -	\$ 690,000	\$ 1,380,000	\$ 1,770,000
Unreserved Fund Balances					
Undesignated Reserves					
Available to be Appropriated	-	-	-	-	-
Committed to:					
Budget Stabilization Reserve	5,427,603	5,460,485	5,991,566	6,337,731	6,337,731
Catastrophic Reserves	5,427,603	5,460,485	5,991,566	6,337,731	6,337,731
Pension/OPEB Reserve	4,532,500	300,000	300,000	300,000	300,000
Measure G District Sales Tax - Operating	-	-	-	590,581	590,581
Assigned to:					
Open Space Reserve	410,000	410,000	410,000	410,000	410,000
Sustainability	140,553	140,553	140,553	140,553	140,553
Strategic Planning Reserve	-	-	-	-	-
Capital/Special Projects	8,787,958	6,965,356	11,071,231	7,604,432	5,989,432
Authorized Carryforwards	-	-	33,145	33,145	33,145
Compensated Absences*	1,539,408	1,649,917	1,519,147	1,519,147	1,519,147
To Workers Comp	-	-	-	-	-
Market Fluctuations	1,218,732	438,333	-	-	-
Measure G District Sales Tax - Op/Cap	1,181,162	1,730,490	590,581	-	-
Stores and Vehicle Maintenance	-	-	-	-	-
Surplus Property Reserve	-	1,200,000	-	-	-
Rehab Loan (Nonspendable)	-	159,000	159,000	159,000	159,000
Council Priorities - Economic Recovery	-	-	-	1,645,281	899,281
Total General Fund Reserves*	\$ 29,335,497	\$ 23,914,619	\$ 26,896,789	\$ 26,457,601	\$ 24,486,601
SPECIAL REVENUE FUNDS					
Housing Conservation Program	\$ 177,240	\$ 177,241	\$ 177,241	\$ 177,241	\$ 177,241
Community Dev Block Grant	(10,587)	(10,587)	(10,587)	(10,587)	(10,587)
Urban Run-Off Source Fund	237,935	371,240	451,558	616,787	695,840
Blackwell Assessment District	13,776	14,085	13,740	13,506	13,272
Kennedy Assessment District	40,396	20,416	21,340	7,150	2,960
Gemini Assessment District	31,787	34,415	36,800	29,398	31,996
Santa Rosa Assessment District	50,785	45,970	40,708	22,371	14,034
Vasona Assessment District	32,180	34,727	37,510	28,083	28,656
Hillbrook Assessment District	21,326	22,743	24,138	10,274	11,410
ARPA	-	-	-	-	-
Los Gatos Theatre	-	-	19,500	32,086	60,486
Library Trust	60,333	81,598	82,062	58,873	53,873
Ness Trust Bequest	21,660	21,939	22,178	22,417	1,417
Betty McClendon Trust	87,487	88,005	88,260	88,214	88,214
Barbara J Cassin Trust	357,336	361,335	362,754	362,173	362,173
Total Special Revenue Funds Reserves	\$ 1,121,654	\$ 1,263,127	\$ 1,367,202	\$ 1,457,986	\$ 1,530,985

FUND BALANCE RESERVES 5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2020 Actual YE Balance	6/30/2021 Actual YE Balance	6/30/2022 Actual YE Balance	6/30/2023 Estimated YE Balance	6/30/2024 Budgeted YE Balance
INTERNAL SERVICE FUNDS					
Liability Self-Insurance	\$ 1,290,614	\$ 1,021,083	\$ 803,292	\$ 395,250	\$ 12,961
Worker's Comp Self-Insurance	1,808,740	1,673,019	1,295,185	706,512	56,696
Information Technology	2,604,203	2,870,823	2,990,932	2,136,398	1,853,375
Equipment Replacement	1,925,053	1,889,536	2,222,395	1,582,113	1,711,830
Facilities Maintenance	102,469	156,340	928,481	947,235	947,237
Total Internal Service Funds Reserves	\$ 7,731,079	\$ 7,610,801	\$ 8,240,285	\$ 5,767,508	\$ 4,582,099
CAPITAL PROJECTS FUNDS					
GFAR	\$ 12,400,872	\$ 13,973,631	\$ 14,783,795	\$ 19,263,962	\$ 17,462,275
GFAR - Designated for Parking	1,460,210	1,460,210	-	-	-
Grant Funded CIP Projects	(343,705)	(699,245)	(948,603)	(2,980,232)	(2,980,232)
Storm Drain #1	1,034,521	1,078,286	1,168,025	1,198,112	1,048,102
Storm Drain #2	1,853,117	1,968,245	2,205,726	2,032,829	1,837,619
Storm Drain #3	(127,362)	(128,840)	(154,940)	(151,742)	(150,852)
Traffic Mitigation	348,661	381,319	405,570	395,570	385,570
Construction Tax-Undergrounding	3,118,173	3,201,311	3,302,514	3,385,331	3,430,521
Gas Tax	290,370	1,425,096	1,836,068	1,644,728	1,644,728
Total Capital Projects Funds Reserves	\$ 20,034,857	\$ 22,660,013	\$ 22,598,155	\$ 24,788,558	\$ 22,677,731
Successor Agency Trust of the Los Gatos RDA					
SA - Trust Fund (Budgetary Fund Balance)	\$ 3,875,208	\$ 3,881,357	\$ 3,892,454	\$ 3,903,403	\$ 3,914,046
Total Successor Agency Fund Reserves	\$ 3,875,208	\$ 3,881,357	\$ 3,892,454	\$ 3,903,403	\$ 3,914,046
TOTAL RESERVES	\$ 62,098,295	\$ 59,329,917	\$ 62,994,885	\$ 62,375,056	\$ 57,191,462



RESOLUTION 2022-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS APPROVING COMMITMENTS OF FUND BALANCE UNDER GASB 54

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54, Fund Balance and Governmental Fund Type Definitions with the intent of improving financial reporting by providing fund balance categories that will be more easily understood and to improve the comparability of governmental fund financial statements; and

WHEREAS, GASB 54 provides that the Town Council of the Town of Los Gatos classify governmental fund balances as restricted, assigned, or committed fund balances; and

WHEREAS GASB 54 provides that restricted reserves are funds that are restricted for externally imposed constraints such as legal contracts or state law, assigned amounts are constrained by the Town's intent to use them for specific purposes, and committed amounts are dedicated for specific purposes under constraints and formal action taken by the Town Council and these committed amounts cannot be used for any other purposes unless the Town Council of the Town of Los Gatos removes or changes the specific use through the same formal action to establish the commitment; and

WHEREAS, there exists a Restricted General Fund Pension Reserve in the form of an IRS 115 Pension Trust; and

WHEREAS, there exists a balance of \$690,000 as of June 30, 2022 in the restricted Pension Reserve; and

WHEREAS, the Town Council of the Town of Los Gatos has established a General Fund Reserve Policy providing for minimum fund balance dollar target amounts for Budget Stabilization and Catastrophic Reserve fund balances and outlines policies and procedures for use and restoration of these balances; and

WHEREAS, there exists an assigned General Fund Compensated Absences Reserve allocated to fund 50% of all vested hours of sick leave, compensation, and vacation time with the actual reserve amount to be determined at the close of FY 2021/22; and

ATTACHMENT 2

WHEREAS, there exists an assigned Capital/Special Projects Reserve to fund key infrastructure and capital/special projects as identified in the Town's five-year Capital Improvement Plan, and/or other Council priorities; and

WHEREAS, there exists an assigned authorized Carry Forward Reserve for materials and services on approved purchase order and contracts which were issued but not finalized or fulfilled as of the end of the fiscal year but for which funds will be carried forward to the following fiscal year. Actual reserve balance will be established at the close of FY 2021/22; and

WHEREAS, in June 2016, the Town Council established the committed Pension/OPEB Reserve to provide funding toward pension and Other Post-Employment Benefits (OPEB) unfunded obligations by placing discretionary amounts to the reserve with formal Council action and transferring available year-end surpluses based on the General Fund Reserve Policy; and

WHEREAS, on November 6, 2018, the Town Council provided direction to establish an unassigned Surplus Property Revenue General Fund Reserve that any monies received from the sale of the property located on Winchester Boulevard and any monies received from the sale of future surplus property be placed in this reserve, and the provisions for the reserve specifically indicate that Council may, at its discretion, distribute those funds as it deems appropriate; and

WHEREAS, The Town Council established the assigned Sustainability Reserve in FY 2008/09 by closing the Solid Waste Management fund and placing the initial residual balance dedicated for conservation, recycling, and sustainability; and

WHEREAS, there exists an excess balance of \$140,553 as of June 30, 2022 in the assigned Sustainability Reserve; and

WHEREAS, there exists an assigned Market Fluctuation Reserve that represent fund balance amounts for unrealized investment gains that have been recorded as investment income in the financial statements in accordance with the requirements of GASB 31 in the amount of \$438,333, actual reserve balance will be established at the close of FY 2021/22; and

WHEREAS, there exists an assigned Measure G 2018 District Sales Tax Reserve to track receipt and use of the 1/8 cent district tax funds collected by the Town; and

WHEREAS, the Town Council has determined the use of Measure G accumulated and future proceeds to be 50% for operating expenditures and 50% for capital purposes; and

WHEREAS, the residual balance of \$679,443 that was set aside for operating purposes in FY 2020/21 and/or FY 2021/22 should be used for operating expenses in FY 2022/23; and

WHEREAS, the \$2,350,000 transfer from the Capital/Special Project Reserve to the General Fund Appropriated Reserve provides funding to the five-year capital plan; and

WHEREAS, \$2,900,000 of ARPA General Fund Reimbursement Revenue will transfer from the Capital/Special Project Reserve provides funding for capital project; and

WHEREAS, the Town Council established the assigned Open Space reserve in the FY 1998/99 to be used for the preservation of open space, connection of open space trails, the definition of the southern boundary of the Town with passive open space, and protection of unique natural features; and

WHEREAS, there exists an excess balance of \$410,000 as of June 30, 2022 in the assigned Open Space Reserve; and

WHEREAS, there exists a need for an assigned General Fund Reimbursement Revenue (ARPA) Reserve to collect the anticipated General Fund ARPA reimbursement proceeds less Council authorized use of these proceeds for pandemic response including economic recovery and business support, enhanced senior services, capital program augmentations, and other one-time uses, the estimated balance of which at June 30, 2022 balance is \$1,611,837, with the actual reserve balance being determined at the close of the FY 2021/22 fiscal year; and

WHEREAS, the General Fund Reimbursement Revenue (ARPA) Reserve is now established.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY RESOLVE that the following estimated Pension, Budget Stabilization, Catastrophic, Pension/OPEB, Capital/Special Projects, Compensated Absences; Measure G District Sales Tax, Surplus Property Revenue, Market Fluctuations, Sustainability, Open Space, and ARPA Reserves as of June 30, 2022 and as of June 30, 2023 as restricted, assigned, unassigned or formally committed as follows:

	Actual General Fund Reserves June 30, 2021	FY 2021/22 Budget, GF Reserve Policy, and this Resolution Approved Increase	FY 2021/22 Budget, GF Reserve Policy, and this Resolution Approved (Decrease)	Estimated General Fund Reserves June 30, 2022	FY 2022/23 Budget Resolution Approved Increase	FY 2022/23 Budget Resolution Approved (Decrease)	Estimated General Fund Reserves June 30, 2023
Restricted Fund Balances							
Pension	\$ -	\$ 690,000	\$ -	\$ 690,000	\$ 390,000	\$ -	\$ 1,080,000
Committed Fund Balances							
Budget Stabilization	5,460,485	\$ 531,081	-	5,991,566	-	-	5,991,566
Catastrophic	5,460,485	531,081	-	5,991,566	-	-	5,991,566
Pension/OPEB	300,000	-	(300,000)	-	-	-	-
Assigned Fund Balances							
Capital/Special Projects	6,965,356	329,258	(1,612,162)	5,682,452	-	(2,350,000)	3,332,452
Compensated Absences	1,649,917	-	-	1,649,917	-	-	1,649,917
Open Space	410,000	-	-	410,000	-	-	410,000
Sustainability	140,553	-	-	140,553	-	-	140,553
Market Fluctuations	438,333	-	-	438,333	-	-	438,333
Measure G District Sale Tax	1,730,490	-	(1,051,047)	679,443	-	(679,443)	-
Carryover Encumbrances	-	-	-	-	-	-	-
Surplus Property Revenue Reserve	1,200,000	-	(1,200,000)	-	-	-	-
GF Reimbursement Revenue (ARPA)	-	1,611,837	-	1,611,837	-	-	1,611,837
Rehab Loan Reserve (Nonspendable)	159,000	-	-	159,000	-	-	159,000

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 7th day of June 2022 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET

	FY 2020/21	FY 2021/22	FY 2022/23	GRAND
		BUDGET ADJ.		
	ACTUALS	ACTUAL/ESTIMATED	ESTIMATED	TOTAL
ARPA FUNDS REVENUE RECOGNIZED	\$ 200,911	\$ 3,413,961	\$ 3,614,872	\$ 7,229,744
GOV SERVICES (WAIVERS,CUP&ADA,DIRECT GRANTS)	200,911			200,911
REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY)		3,413,961	3,614,872	7,028,833
	\$ 200,911	\$ 3,413,961	\$ 3,614,872	\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE	200,911	3,413,961	3,614,872	7,229,744
LESS APPROVED USES TO BE BUDGETED:				
PARKLETS (DOWNTOWN IMPVTS PROJECT)		680,000	250,000	930,000
RENT WAIVERS	121,255	341,452	283,756	746,463
CUP/ADA FEE WAIVERS	19,656	27,672	27,672	75,000
DESTINATION MARKETING		55,000		55,000
K-RAILS (DOWNTOWN IMPVTS PROJECT)		68,000		68,000
PROMENADES		80,000	120,000	200,000
DIRECT GRANTS	60,000	50,000		110,000
ENHANCED SENIOR SERVICES		500,000		500,000
CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS			2,900,000	2,900,000
REQUIRED FOR GF BALANCING OF OPERATING REV_EXP	-		1,645,281	1,645,281
TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES	\$ 200,911	\$ 1,802,124	\$ 5,226,709	\$ 7,229,744
GENERAL FUND ARPA REPLACEMENT REVENUE UNCOMMITTED	\$ -	\$ 1,611,837	\$ (1,611,837)	\$ -

SUMMARY OF STATEMENT NO. 54



SUMMARIES / STATUS

SUMMARY OF STATEMENT NO. 54

FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

(ISSUED 02/09)

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned **based on the relative strength of the constraints that control how specific amounts can be spent.**

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods

STANDARDS & GUIDANCE

Pronouncements

Implementation Guides (Post-Statement 76)

GARS Online

presented.

How the Changes in This Statement Will Improve Financial Reporting

The requirements in this Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the *reserved* component of fund balance in favor of a *restricted* classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance classification approach in this Statement will require governments to classify amounts consistently, regardless of the fund type or column in which they are presented. As a result, an amount cannot be classified as restricted in one fund but unrestricted in another. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The clarifications of the governmental fund type definitions will reduce uncertainty about which resources can or should be reported in the respective fund types.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 3 discusses the applicability of this Statement.



CITY OF SARATOGA
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2022

	Major Funds			Other	Total
	General	ARPA SLFRF	Capital Improvement	Governmental Funds	Governmental Funds
ASSETS					
Cash and investments	\$ 19,909,470	3,520,970	\$ 7,787,341	\$ -	\$ 31,217,781
Restricted cash and investments	-	-	-	1,797,979	1,797,979
Receivables:					
Accounts	961,990	3,606,619	488,619	6,286	5,063,514
Prepaid Items	4,481	-	-	-	4,481
Total assets	\$ 20,875,941	\$ 7,127,589	\$ 8,275,960	\$ 1,804,265	\$ 38,083,755
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 843,748	\$ -	\$ 466,104	\$ 21,720	\$ 1,331,572
Accrued payroll and benefits	254,680	-	-	-	254,680
Deposits payable	4,349,186	-	-	-	4,349,186
Total liabilities	5,447,614	-	466,104	21,720	5,935,438
DEFERRED INFLOW OF RESOURCES					
Deferred revenue	17,877	-	264,491	-	282,368
Total deferred outflow of resources	17,877	-	264,491	-	282,368
Fund Balances:					
Nonspendable:					
Prepaid Items	4,481	-	-	-	4,481
Restricted:					
Lighting and landscape assessments	-	-	-	977,234	977,234
Public works programs	-	7,127,589	-	-	7,127,589
Debt service	-	-	-	805,311	805,311
Committed:					
Capital improvement program	-	-	7,545,365	-	7,545,365
Hillside stability	1,000,000	-	-	-	1,000,000
Assigned:					
Future capital & efficiency	3,509,000	-	-	-	3,509,000
Carryforwards	20,000	-	-	-	20,000
Facility replacement	3,700,000	-	-	-	3,700,000
Unassigned:					
Working capital	1,000,000	-	-	-	1,000,000
Fiscal stabilization	3,250,000	-	-	-	3,250,000
Compensated absences	330,000	-	-	-	330,000
Other unassigned	2,596,969	-	-	-	2,596,969
Total fund balances	15,410,450	7,127,589	7,545,365	1,782,545	31,865,949
Total liabilities and fund balances	\$ 20,875,941	\$ 7,127,589	\$ 8,275,960	\$ 1,804,265	\$ 38,083,755

The accompanying notes are an integral part of these financial statements

From: Phil Koen [REDACTED]
Sent: Wednesday, May 3, 2023 9:54 PM
To: Gitta Ungvari
Subject: 1/2 Measure G transfer to GFAR
Attachments: Pages from FY-2023-2024-Proposed-Operating-Budget - corrected April 20 (2)(4).pdf

[EXTERNAL SENDER]

Gitta,

Looks like a simple oversight and easy to fix.

Phil

ADMINISTRATIVE SERVICES

Non-Departmental

- \$390,000 payment toward unfunded pension liability.
- \$261,710 for animal control services provided by the City of San Jose. The Town entered into a 20-year agreement with the City of San Jose effective July 1, 2004.
- \$241,600 for Administration fee for collecting and processing of the Town's property and sales tax receipts.
- \$200,000 for special studies as needed.
- \$100,000 for the Town Manager's Contingency and Productivity Funds to address unforeseen situations or opportunities that may arise during the fiscal year.
- \$100,000 for independent investigations of complaints regarding sworn personnel.
- \$60,000 for the KCAT public meetings' broadcasting and video streaming services.
- \$55,000 for the Los Gatos Chamber of Commerce contract to provide support for the Town's visitor information center.
- \$746,000 pass through expenditures to track the American Rescue Plan Act proceeds per Council priorities.

The Non-Departmental program budget also reflects a transfer of \$1.6million from the General Fund Capital/Special Projects Reserve and \$0.6 million (50%) of the estimated Measure G proceeds to the General Fund Appropriated Reserves (GFAR) to support the Capital Improvement Program (CIP).

ADMINISTRATIVE SERVICES

Non-Departmental

	2019/20 Actuals	2020/21 Actuals	2021/22 Actuals	2022/23 Adjusted	2022/23 Estimated	2023/24 Proposed
REVENUES						
Property Tax	\$ 14,454,513	\$ 15,826,162	\$ 16,899,618	\$ 16,969,226	\$ 17,238,510	\$ 17,895,731
VLF Backfill Property Tax	3,875,914	4,052,672	4,229,462	4,556,000	4,556,000	4,692,680
Sales & Use Tax	7,531,425	7,933,604	8,483,673	8,837,256	8,959,134	9,152,778
Franchise Fees	2,495,792	2,499,463	2,822,515	2,716,470	2,716,470	2,116,470
Transient Occupancy Tax	1,869,685	1,044,820	1,895,064	2,000,000	2,348,547	2,419,000
Intergovernmental Revenues	48,063	419,786	42,794	8,550	4,871	8,550
Lease Payments	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	1,894,550
Charges for Services	110,700	194,575	131,066	126,492	126,492	127,172
Other Sources	562,888	1,447,671	307,239	2,784,746	513,418	1,801,830
TOTAL REVENUES	\$ 32,854,004	\$ 35,327,247	\$ 36,711,281	\$ 39,892,453	\$ 38,357,155	\$ 40,108,761
TRANSFERS IN						
Transfer from Blackwell Dst	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460
Transfer from Kennedy Meadow Dst	1,510	1,510	1,510	1,510	1,510	1,510
Transfer from Gemini Court Dst	610	610	610	610	610	610
Transfer from Santa Rosa Dst	660	660	660	660	660	660
Transfer from Vasona Heights Dst	1,430	1,430	1,430	1,430	1,430	1,430
Transfer from Hillbrook Dst	250	250	250	250	250	250
Transfer from Capital Project Funds	102,000	102,000	102,000	102,000	102,000	102,000
Transfer from Traffic Mitigations	16,336	10,000	10,000	10,000	10,000	10,000
Transfer to Measure G Subfund	-	1,181,162	-	-	-	-
Transfer from Gas Tax	106,000	106,000	106,000	106,000	106,000	106,000
TOTAL TRANSFERS IN	\$ 229,256	\$ 1,404,082	\$ 222,920	\$ 222,920	\$ 222,920	\$ 222,920
TOTAL REVENUES & TRANSFERS	\$ 33,083,260	\$ 36,731,329	\$ 36,934,201	\$ 40,115,373	\$ 38,580,075	\$ 40,331,681
EXPENDITURES						
Salaries and Benefits	\$ 14,425	\$ 60,660	\$ 131,808	\$ -	\$ -	\$ -
Operating Expenditures	3,412,374	7,744,600	3,215,049	3,926,100	3,727,236	3,417,030
Grants	77,542	72,002	125,002	70,000	70,000	70,000
Pass Throughs	-	549,328	3,791,864	-	4,034,893	1,971,600
Interest	-	52,011	156,034	156,034	156,034	156,034
Charges for Services	756	5,500	11,000	28,830	28,830	27,393
Debt Service	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	1,894,550
TOTAL EXPENDITURES	\$ 5,410,121	\$ 10,392,595	\$ 9,330,607	\$ 6,074,677	\$ 9,910,706	\$ 7,536,607
TRANSFERS OUT						
Transfers to GFAR	\$ 6,982,591	\$ 3,401,479	\$ 1,750,001	\$ 3,006,978	\$ 2,987,359	\$ 1,615,000
Transfers to Pollution Prevention	10,000	-	-	-	-	-
Transfer to Facilities	-	-	1,787	-	-	-
Transfer to Workers' Comp	1,061,256	-	-	-	-	-
Transfer to Measure G Subfund	-	1,181,162	-	-	-	-
TOTAL TRANSFERS OUT	\$ 8,053,847	\$ 4,582,641	\$ 1,751,788	\$ 3,006,978	\$ 2,987,359	\$ 1,615,000
TOTAL EXPEND'S & TRANSFERS	\$ 13,463,968	\$ 14,975,236	\$ 11,082,395	\$ 9,081,655	\$ 12,898,065	\$ 9,151,607

where is
the \$ 6 m
for 1/2
Measure 15?

Subject: Pandemic Relief Request in Support of The Flame of Liberty Construction Loan
Attachments: 2023.03.21_PANDEMIC RELIEF REQUEST_MEMORIAL CONSTRUCTION LOAN_PROPOSAL TO THE TOWN OF LG_.pdf

From: Ellen Manzo [REDACTED] >
Sent: Tuesday, March 21, 2023 8:44 PM
To: Council <Council@losgatosca.gov>; Town Manager <Manager@losgatosca.gov>
Cc: [REDACTED]; MAJ GEN Kent Hillhouse USA (Ret) <[REDACTED]>
Subject: Pandemic Relief Request in Support of The Flame of Liberty Construction Loan

[EXTERNAL SENDER]

The Honorable Mayor Maria Ristow
The Town of Los Gatos Town Council

Los Gatos Town Manager Laurel Prevetti

The Veterans Memorial & Support Foundation kindly requests the consideration of the Pandemic Relief Request in Support of the Flame of Liberty Construction Loan which is attached to this email.

Respectfully yours,
Ellen Manzo
Volunteer Executive Board Member

Ellen Manzo
Volunteer Exec Board Member
203-561-8888
[Veterans Memorial & Support Foundation - About Us](#)
[Meet Members of the Veterans Memorial & Support Fdn Board](#)
[View the Flame of Liberty Memorial](#)
[Remember 9/11 - 20th Anniversary Tribute](#)



March 21, 2023

The Honorable Mayor Maria Ristow and The Town of Los Gatos Town Council
110 E. Main Street
Los Gatos, CA 95030

Subject: **Pandemic Funding Relief Request in Support of *The Flame of Liberty Memorial***

Dear Council Members,

The Veterans Memorial & Support Foundation requests the Town's financial support to eliminate the remaining Devcon Construction loan balance of \$ 269,577.91 (as of Feb 28, 2023) for erecting the world-class *Flame of Liberty Memorial*, which adorns the Town's Civic Center lawn.

A grant of \$ 269,577.91 from pandemic funding will position the Town of Los Gatos with the highest level of recognition [\$250,000 and above] - the *Circle of Liberty*, upon the Wall of Gratitude. If required, the Veterans Memorial & Support Foundation can use the funds to pay off the construction loan prior to the deadline set by those who have granted the pandemic funds to the Town of Los Gatos.

The funding will allow the Veterans Foundation to turn the page on our next chapter and focus all efforts on raising funds solely for the purposes of: 1) maintaining *The Flame of Liberty Memorial*, (2) supporting our Yellow Ribbon Program endeavors to improve the lives of active service members, veterans and their families in our community, and (3) continuing to educate and model to our Los Gatos and greater community on the sacrifices borne by those who serve (in and out of uniform.) Example Yellow Ribbon Programs include the: a) "Silkies Hike," targeted at reducing suicide through networking Veterans which, over the last two years, launched and ended at The Flame of Liberty Memorial, b) Weekly "Breakfasts with Vets" program aimed to deliver emotional healing run by therapist Dr. Clyde Horn, and c) Co-supporting "Stand Down," a gathering of homeless veterans over the course of a weekend that provides to them healthcare physicals, dental checkups, hot showers, haircuts, new clothing, new sleeping bags, provisions, veterinarian services for their pets, VA / college counseling / job search resources, transportation service to and from the event, weekend meals and lodging, and more. Most importantly, the focus on our new chapter will enable us to positively impact the lives of individuals who have defended freedom, supported our country in natural disasters, and given us so much in return.

Your immediate approval of the proposal enclosed will allow us to commence work immediately towards our mission's goal to focus on programmatic support that improves the lives of Veterans.

Please contact Veterans Memorial & Support Foundation President Major General Kent Hillhouse at 408-221-1512 (cell) or Board Member Ellen Manzo at (203) 561-8888 should you require further information.

Thank you in advance, for your consideration of this request.

Sincerely,
The Veterans Memorial & Support Foundation Board

Enriching Lives – Investing in America

PROPOSAL TO THE TOWN OF LOS GATOS

**PANDEMIC FUNDING
RELIEF REQUEST
IN SUPPORT OF THE
FLAME OF LIBERTY MEMORIAL**

**SUBMITTED BY THE
VETERANS MEMORIAL & SUPPORT FOUNDATION**



Pandemic Funding Relief Request in Support of *The Flame of Liberty Memorial*

Submitted to the Town of Los Gatos Town Council by the Veterans Memorial & Support Foundation Board

The Veterans Memorial & Support Foundation requests the Town's financial support to eliminate the remaining Devcon Construction loan balance of \$274,121 (as of Jan 31, 2023) for erecting the world-class *Flame of Liberty Memorial*, which adorns the Town's Civic Center lawn.

Brief History – 69 Days, 6 Years, 6 Days, 6 Months

The Veterans Memorial & Support Foundation, established in October 2012, has been in place for a decade. The Foundation obtained 501(c)(3) IRS approval in 69 calendar days - weekends and holidays included - following submission of its application to the IRS. Most nonprofits experience 12-18 months for approval.

Over the six years that followed, the Foundation conducted two national arts challenges, made five presentations to the Town Council, presented to the Arts Commission, community organizations and stakeholders, surveyed the public on its interests, engaged media personnel, and worked with artists, architects, engineers, construction experts and landscape designers to establish building plans. The Town of Los Gatos public, the Town Council, the Town stakeholders, and the Foundation Board weighed in and chose the winning design which you now see as *The Flame of Liberty*. The Los Gatos Town Council's final approval for *The Flame of Liberty* building plans arrived December-end 2018.

Links:

Town Council Approves Veterans Memorial Concept for Los Gatos 11/04/12

https://youtu.be/y8RMTBi9_zk

The Flame of Liberty Veterans Memorial by Artist Frank Kocian Morris

<https://youtu.be/E7O4bmg7OOc>



Photos above – Groundbreaking for The Flame of Liberty Memorial

Six days later, the Foundation conducted a public media groundbreaking on January 4, 2019. Less than six months later, the Foundation had constructed the memorial and conducted a premier dedication ceremony consisting of over 70 speakers and performers - top tier military personnel, public officers, family members of 9/11 heroes, prominent Veterans, emergency service officials, award winning entertainers, bands, military vehicles and community members, - who collectively delivered a message of the importance of supporting America's active service members, veterans, and first responder personnel to the 1500+ audience members and media. If nothing else, that history should be testimony to the fact that once given the green light, the Veterans Foundation team knows how to execute.



The Flame of Liberty Memorial delivers honor, respect, gratitude and healing to America's Service Members, Veterans, First Responders, their Families and two local 9/11 Heroes – Todd Beamer & Mark Bingham.

Today, there stands an unparalleled *Flame of Liberty Memorial* upon the Civic Center Lawn designed by nationally acclaimed artist Frank Kocian Morris who has the recognition of being chosen by the U.S. Treasury as a Master Designer for the U.S. Mint, for which the Town of Los Gatos can be very proud. Work on the endeavor began in 2012. The Town Council approved the memorial building plans in December 2018, and on June 15, 2019, the Veterans Foundation unveiled *The Flame of Liberty Memorial* in a world-class dedication ceremony. *The Flame of Liberty Memorial* honors active service members, veterans, first responders, their families, and two heroes whose actions saved the U.S. Capitol building from destruction on 9/11. *The Flame of Liberty Memorial* creates for the Town of Los Gatos a destination that brings people together to the Town for events at an inspiring venue. Congresswoman Anna Eshoo phrased it well when she declared *The Flame of Liberty Memorial* "a sacred place."

Links:

Deliver a Message of Honor and Gratitude

<https://vimeo.com/390920373>

Flame of Liberty Memorial Dedication Pgm Sneak Peak [Trailer]

<https://vimeo.com/346034483>

June 15, 2019 Flame of Liberty Memorial Dedication – Full Program

<https://vimeo.com/363941922>

Photos Below – Keynote speaker General H. R. McMaster U.S. Army (Ret.) and 25th United States National Security Advisor to the President addresses over 1500 interested community attendees at The Flame of Liberty Memorial Dedication Ceremony, June 15, 2019.





Photo Above – Santa Clara County First Responders join with prominent military leaders and Los Gatos Town Council members to honor local 9/11 heroes, survivors, and victims at the 20th Anniversary event.

In its efforts to accomplish the mission of educating Americans on the sacrifices borne by those who serve, in addition to the premier memorial dedication on June 15, 2019, the Veterans Foundation in 2021 conducted a very moving 20th Anniversary Tribute to one of America’s most tragic days in recent history: 9/11, a 21st Anniversary of 9/11 Remembrance event in 2022, Middle and High School tours of the memorial in which our next generation learned about the history of defending freedom in America’s past and the tragic day of 9/11, and tours to various organizational groups in the area.

Links:

REMEMBER 9/11 – Tribute to Survivors, Victims and Heroes – Full Event

<https://www.youtube.com/watch?v=hqBOb1ML6Gg>

Hillbrook School Visits The Flame of Liberty to Learn About 9/11

<https://simplebooklet.com/L9e5AamW793iFARU8BELqO>

When the Veterans Foundation launched this endeavor, we intended to build a memorial that delivered *honor, respect, and gratitude* to America’s active service members, veterans, and their families. Of great significance is that over our journey, we learned that *The Flame of Liberty* is much more than bricks and mortar because a memorial can be **a catalyst for healing**. So today, we add *healing as an additional byproduct of the Flame of Liberty Memorial*. Service members tell us they feel at home at the memorial. It offers a reflective space where they can call to mind their service experience and memorialize the buddies they lost during wartime. Veterans have spoken about how they have felt emotionally less burdened by the events they have harbored in their minds over decades when visiting memorials. And at paver dedication ceremonies in which members of the Foundation have joined families to embed an inscribed paver into our walk of heroes, we have observed veterans and families clutch hands, share stories of wartime that may have been privately held for decades, and weep together, as they collectively honor a loved one.

Links:

Catalyst for Healing – Honor Flight Commemorating WWII Veterans

<https://youtu.be/9Jo1YrMaC7Y>

The Flame of Liberty Capital Campaign

The Foundation officially launched its *Flame of Liberty Capital Campaign* on the day of our groundbreaking in January 2019. Our goal was to raise \$2,600,000 in support of the design and construction of The Flame of Liberty Memorial, a memorial maintenance fund, delivery of educational programs to the community, and the creation of an endowment fund for yellow ribbon programs to improve the lives of active service members, veterans, and their families. To date, the Foundation, **staffed 100% by volunteers**, many of whom have been on board since inception, has raised \$1,842,810.00 in donations and pledges. As of January 31, 2023, our “stretch” to meet our Flame of Liberty Campaign goal of \$ 2,600,000.00 is \$757,190.

The Flame of Liberty Memorial

The Veterans Memorial & Support Foundation has, through January 31, 2023, collected and spent \$1,339,053.98 on The Flame of Liberty Memorial. This includes monthly payments towards a construction loan that is in place with Devcon Construction which currently maintains a balance due as of Feb-end 2023 on the construction loan of \$ 269,577.91.

Flame of Liberty Capital Campaign Goal -	\$ 2.60*
Pledges & Donations to Date -	1.84
Flame of Liberty Memorial Expenditures -	1.34
Raised in Fiscal 2020, '21 and '22 Pandemic Years –	1.03
Stretch to Liberty Capital Campaign Goal -	.76
Remaining Construction Loan Balance -	.27
Pandemic Relief Request -	.27

** All figures represented are Millions*

Devcon Obligation

COVID managed to put a huge monkey wrench in fundraising efforts for all nonprofits. Like every other nonprofit, we too felt the “squeeze.” Nevertheless, we continued to fundraise and pay suppliers \$ 1,037,739.38 including every \$16,000 monthly payment as expected on the Devcon construction loan in support of memorial expenses through the trying 2020, '21 and '22 pandemic years. And we did so while maintaining enough of a cash cushion to continue to operate. However, the Foundation has been financially limited to execute on other areas of our mission.

Pandemic Times

In 2022 we continued to dig deep into our sweat equity reserves and work in a lean and mean manner, something we have done all along. Here are some samples related to the 9/11 event of last September as example, that are evidentiary of our “lean and mean” modus operandi:

- 100% of the design work on the new 911 memorial was pro bono and the construction of the new 911 memorial was funded by the Veterans Foundation.
- 700 chair rentals, the delivery truck we borrowed to transport the chairs, and staging for our 911 event was pro bono. A charity organization assisted us in setting up and taking down chairs for the program.
- The temporary staging of fire trucks and emergency vehicles were all pro bono.
- Our marketing collateral was printed with discounted contracts.
- Our keynote speaker at the 9/11 event who flew in from the Ukraine, is registered with speaker bureaus and typically commands thousands of dollars for his speech, (he also has sung the *National Anthem* on ESPN and national networks before over 500 sporting and other events) performed the *National Anthem* at our event and delivered his keynote for a speaker's cost of \$0. other than his economy roundtrip travel.
- The event included over 50 participants including musical entertainers and Gary Scott Thomas, KBAY's radio personality for over three decades who served as our event MC. Every one of our 50 or more performers and speakers took the stage on a pro bono basis.

Links:

American Challenge – Lessons From 9/11

<https://vimeo.com/807131616>

And despite the challenge COVID placed before us, we continued to deliver in support of our mission. In 2022, the Foundation:

- Co-hosted the “Silkies Hike” (named for the “silkies” running shorts most participants wear for the affair,) a hike that is geared to take a stab out of veteran suicide using humor and creating a forum for veterans to network.
- Continued execution of the “Gratitude Campaign” in honor of first responders, healthcare workers, military members and essential workers who supported America during the pandemic.
- Conducted weekly veteran meetings with Dr. Clyde Horn where an open forum discussion offers participants the opportunity to discuss issues of greatest concern to vets with Clyde, an expert therapist on veterans' issues.

Photo Left – Veterans meet Veterans at the Silkies Hike in Los Gatos



- Hosted a visit from Medal of Honor recipient Sammy L. Davis at *The Flame of Liberty Memorial* site.
- Supported families who requested ceremonial dedications as their pavers of gratitude in honor of a loved one who served, were lowered into our Walk of Honor.
- Unveiled the new California State Guard plaque boulder and the newly designed 9/11 memorial wall (both funded by the Veterans Foundation) at *The Flame of Liberty Memorial*, which were on our radar screen since inception.
- Participated as Guardians aboard Bay Area Honor Flights which flew local WWII, Korean War and Vietnam Veterans to Washington D.C. to visit memorials in their honor. Through this effort and that of our own *Flame of Liberty Memorial*, we have learned that visiting memorials can be the catalyst towards healing.
- Supported multiple remembrances throughout the Bay Area - e.g., Memorial Day celebrations, July 4th celebrations, the San Jose Veterans Day Parade, and Wreaths Across America and local events – Saratoga Classic Cool Car Show, Fiesta De Artes, Los Gatos Wine Walk, and more.
- Managed the ongoing landscaping, maintenance, and holiday dress-up of our *Flame of Liberty Memorial* for holiday events over the course of the year (which also requires funding from the Veterans Foundation.)
- And conducted student educational tours in which we taught America's next generation of leaders about the sacrifices borne by those who serve and the history of selfless acts of courage delivered by America's service members in their defense and delivery of freedom to our country.

In short, it wasn't easy.



Photos Below – Major General Kent Hillhouse US Army (Ret.) and Navy Reserve Captain Doug Beck share firsthand experiences surrounding the tragic events of 9/11 with students of the Hillbrook School.

Links:

Project Gratitude to Those Fighting Covid with Courage

<https://vimeo.com/434842466>

Bay Area Guard Unit Flyover Los Gatos to Honor Frontline COVID-19 Workers

<https://vimeo.com/422661895>

Holiday Season at the Memorial Site

<https://drive.google.com/file/d/1rNvEG1YtP5jQjrcrtNjdllC7d6DtEllH/view?usp=sharing>

Next Acts

In 2023, we intend to conduct fundraisers (July and in the fall,) that will embellish our cash reserves to support our mission.



The Committee and Volunteers –

The Foundation Board in place consists of approximately 15 regular volunteers many of whom have been at the Foundation table since inception. The Foundation's President is Major General Kent Hillhouse, US Army (Ret.). We invite you to visit our Flipbook to learn more about some of our Board members.

Photo – Foundation President and Major General Kent Hillhouse U.S. Army (Ret.) awards a deserving service member the Purple Heart.

Link:

The Veterans Memorial & Support Foundation – Meet Some of Our Members

<https://simplebooklet.com/veteransfoundationmembers>

The Wall of Gratitude

A grant of \$ 269,577.91 from pandemic funding will position the Town of Los Gatos with the highest level of recognition - the *Circle of Liberty*, upon the Wall of Gratitude. If required, the Veterans Memorial & Support Foundation can use the funds to pay off the construction loan prior to the deadline set by those who have granted the pandemic funds to the Town of Los Gatos.

In conclusion, the funding will allow the Veterans Foundation to turn the page on our next chapter and focus all efforts on raising funds solely for the purposes of supporting our Yellow Ribbon program endeavors, maintaining *The Flame of Liberty Memorial*, and continuing to educate our community on the sacrifices borne by those who serve. More importantly, it will enable us to improve the lives of individuals who have defended freedom, supported our country in natural disasters, and given us so much in return.

Thank you in advance, for your consideration of this request.

Photo Below – The Wall of Gratitude at The Flame of Liberty Memorial



Subject: VMSF Pandemic Relief Request Flip Book

From: Kent Hillhouse/USA <Kent.Hillhouse@cushwake.com>

Sent: Wednesday, May 3, 2023 6:58 AM

To: Laurel Prevetti [REDACTED]

Subject: VMSF Pandemic Relief Request Flip Book

[EXTERNAL SENDER]

Laurel Prevetti – Los Gatos Town Manager,
Below is a link/ follow-up to our last night's presentations.
Kent

<https://simplebooklet.com/vmsfpandemicfundingrequest>

Kent Hillhouse
Board President
www.honoravet.org

Veterans Memorial & Support Foundation
481 N Santa Cruz Ave., Suite 250
Los Gatos, CA 95030
(408) 221-1512



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