



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 04/25/2022

ITEM NO: 2

DATE: April 19, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss, Comment, and Begin to Make Recommendations to the Town Council Regarding the Proposed Fiscal Year (FY) 2022/23 Proposed Operating and Capital Budgets

RECOMMENDATION:

Discuss, comment, and begin to make recommendations to the Town Council regarding the Proposed FY 2022/23 Proposed Operating and Capital Budgets.

BACKGROUND:

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code. and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

BACKGROUND (continued):

- (B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

For the FY 2021/22 budget cycle, the Commission's deliberations coalesced around the following goals and observations:

- Enhance transparency in budget development, budget assumptions, and budget presentation.
- The Proposed Budget significantly restricts capital expenditures relative to historic allocations.
- The Proposed Capital Improvement Plan (CIP) is challenged by a lack of dedicated funding.
- The higher percentage increases in the primary expenditures of Salary and Benefits relative to revenues is constraining other investments.
- Recommend strategies to slow the growth in expenditures until there is greater clarity on impacts to revenues.

Based on the aforementioned areas of emphasis, the Commission ultimately made a series of nine recommendations to the Town Council (Attachment 1).

DISCUSSION:

On April 18, 2022, the Proposed FY 2022/23 Operating and Capital Budgets were posted to the Town's website and the links provided to the Finance Commission. On April 19, 2022, hard copies were available to the Finance Commission. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 17, 2022, which is the first meeting at which the Proposed Budgets will be considered by the Town Council

At the Finance Commission Special meeting on April 25, 2022, staff will provide an orientation to the FY 2022/23 Proposed Budgets and an overview of major elements and assumptions utilized in budget development. The Finance Commission may then commence its discussions, comments, and recommendations to the Town Council. To facilitate this work, the Commission has two additional meetings on the Proposed Budgets:

- May 2, 2022 – Special Finance Commission meeting
- May 9, 2022 – Regular Finance Commission meeting

PAGE 3 OF 3

SUBJECT: Proposed FY 2022/23 Operating and Capital Budgets

DATE: April 20, 2022

DISCUSSION (continued):

At the conclusion of the Regular Finance Commission meeting on May 9th, the Finance Commission will compile and provide the Town Manager with its final comments and recommendations to be transmitted to the Town Council for its May 17, 2022 public hearing on the Budgets.

CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

Attachments:

1. FY 2021/22 Finance Commission Budget Recommendations
2. Public Comment