



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/01/2021

ITEM NO: 4

- DATE: May 26, 2021
- TO: Mayor and Town Council
- FROM: Laurel Prevetti, Town Manager
- SUBJECT: Operating and Capital Budgets
- a. Adopt a Resolution Approving the Town of Los Gatos Fiscal Year (FY) 2021/22 Operating Budget and FY 2021/22 – 2025/26 Capital Improvement Program (CIP), New Appropriations, other Council Actions on May 18, 2021, Minor Corrections, and Carry-Forward Appropriations
 - b. Adopt a Resolution Approving Commitment of Fund Balances under GASB 54.
 - c. Approve FY 2020/21 Budget Adjustments:
 - a) Major Revenue Adjustments to Match Year-End Estimated Revenues as Directed by the Town Council on May 18, 2021 and as Determined from Updated Information
 - i. Anticipated American Recovery Plan Act (ARPA) revenue increase in the amount of \$2,884,315,
 - ii. Property Tax revenue Increase in the Amount of \$703,202,
 - iii. Sales Tax Revenue Decrease in the Amount of \$444,400,
 - iv. Measure G District Tax Revenue Decrease in the Amount of 83,369, and
 - v. Business License Tax Revenue Increase in the Amount of \$200,000.
 - b) Expenditure Increases to Reflect Past Actions:
 - i. In the Amount of \$408,807 to Match Actual Transfer to CalPERS from the CEPPT Trust (\$406,988) and from the Town General Fund (\$1,819) for Additional Discretionary Payment Based on the Town Pension and OPEB Trusts Oversight Committee March 30, 2021 Action and
 - ii. In the Amount of \$55,000 to the Chamber of Commerce for Development of Destination Marketing from the Anticipated ARPA Proceeds.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney,

RECOMMENDATION:

Operating and Capital Budgets

- a. Adopt a resolution approving the Town of Los Gatos Fiscal Year (FY) 2020/21 Operating Budget and FY 2021/22 – 2025/26 Capital Improvement Program (CIP), new appropriations, other approved adjustments, other Council actions on May 18, 2021, minor corrections, and carry-forward appropriations.
- b. Adopt a resolution approving commitment of fund balances under GASB 54.
- c. Approve FY 2020/21 Budget Adjustments:
 - a) Major Revenue Adjustments to Match Year-End Estimated Revenues as Directed by the Town Council on May 18, 2021 and as Determined from Updated Information
 - i. Anticipated American Recovery Plan Act (ARPA) revenue increase in the amount of \$2,884,315,
 - ii. Property Tax revenue increase in the amount of \$703,202,
 - iii. Sales Tax revenue decrease in the amount of \$444,400,
 - iv. Measure G District Tax revenue decrease in the amount of 83,369, and
 - v. Business License Tax revenue increase in the amount of \$200,000.
 - b) Expenditure increases to reflect past actions:
 - i. In the amount of \$408,807 to match actual transfer to CalPERS from the CEPPT Trust (\$406,988) and from the Town General Fund (\$1,819) for Additional Discretionary Payment based on the Town Pension and OPEB Trusts Oversight Committee March 30, 2021 action and
 - ii. In the amount of \$55,000 to the Chamber of Commerce for development of destination marketing from the anticipated ARPA proceeds.

BACKGROUND:

On May 18, 2021, the Town Council conducted public hearings to discuss the proposed FY 2021/22 Operating and Capital Summary Budget and Proposed FY 2021/22 – 2025/26 Capital Improvement Program. The budget hearing was preceded by four public Finance Commission meetings at which Commissioners discussed the Proposed Budgets and provided recommendations to the Town Council per Measures A and G. The Town Council considered public testimony, discussed both documents, considered the Finance Commission recommendations, and directed staff to bring back the documents for final approval incorporating the Council recommendations.

In addition, the Proposed Operating Budget addresses the Council identified Strategic Priorities and considers other areas of importance to the Los Gatos community, the Council, and the Town organization. The Proposed Budget acknowledges the economic realities associated with the global COVID-19 pandemic and other unforeseen budgetary impacts. Even with areas of continued uncertainty, this Operating Budget positions the organization well for continued excellence in service delivery to the community.

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SUBJECT: Operating and Capital Budgets

DATE: May 26, 2021

BACKGROUND (continued):

The Capital Budget also provides for limited, continued strategic investments toward important wildfire vegetation management and other necessary infrastructure improvements, as the pandemic is not the only threat to our community's health and safety.

DISCUSSION:

The draft resolution (Attachment 1) incorporates the budget direction provided by the Council at the May 18, 2021 budget hearing. Attachment 2 contains the resolution to formally move General Fund balances based on the Town Council General Fund Reserve Policy and additional Council direction consistent with General Accounting Standards Board (GASB) 54.

COORDINATION:

The preparation of the budget documents involved the participation of all Town Departments.

FISCAL IMPACT:

The fiscal impact is presented in summary form in the Financial Summaries chapter of the Proposed Operating and Capital Budget for FY 2021/22.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Resolution of the Town Council Approving FY 2021/22 Operating Budget and FY 2021/22 – 2025/26 Capital Improvement Program (with Exhibit A)
2. Resolution of the Town Council of the Town of Los Gatos Approving Commitments of Fund Balance under GASB 54
3. Public Comment