



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 03/11/2024

ITEM NO: 1

**Minutes of the Finance Commission Meeting
February 12, 2024**

The Finance Commission of the Town of Los Gatos conducted a meeting in person and utilizing teleconferencing means on Monday, February 12, 2024, at 5:00 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:00 P.M.

ROLL CALL

Present: Chair Phil Koen, Vice Chair Linda Reiners, Commissioner Andrew Howard, Commissioner Ashby Monk, Commissioner Joe Rodgers, Vice Mayor Matthew Hudes, and Council Member Rob Rennie

Absent: None

Town Staff Present: Town Manager Laurel Prevetti, Assistant Town Manager Katy Nomura, Finance Director Gitta Ungvari, Finance and Accounting Manager Eric Lemon, and Town Clerk Wendy Wood.

CONSENT ITEMS

1. Approve the Minutes of the January 8, 2024, Finance Commission Regular Meeting
2. Receive the Monthly Financial and Investment Report for December 2023
3. Receive the Town's Final Financial Transactions Reports for Fiscal Year (FY) 2022/23 and FY 2021/22

Chair Koen pulled Item 3.

There was no public comment.

MOTION: Motion by Vice Chair Reiners to approve the consent Items 1 and 2. **Seconded** by Commissioner Howard.

VOTE: Motion passed 3-0 -2 (Commissioners Monk and Rodgers abstained).

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

4. Review and Make a Recommendation to the Town Council to Accept as Presented or Accept with Modification the FY 24 Five-Year Forecast and Supporting Work Product

Chair Koen provided background information on the item.

Finance Director Gitta Ungvari presented the staff report.

The Commission asked questions and discussed the item.

Staff addressed the Commissioners' questions.

Chair Koen opened public comment.

Jak Van Nada

- Commented on General Fund surpluses in the past four years.

Chair Koen closed public comment.

MOTION: **Motion by Chair Koen** (motion language distributed to the Commission in hard copy format) to recommend the Town Council to not accept, nor rely upon the current version of the FY 24 Five-Year Plan; given the importance of the Five-Year Forecast in establishing tax policy, the Finance Commission makes a finding the draft forecast of a 2.9% CAGR in total revenue is too conservative compared to historic growth rates and the 4.9% CAGR in operating expenditures needs to be reduced through cost containment and productivity measures; and the Finance Commission does not agree with staff's conclusion that "the persistent presence of a deficit indicates that the Town needs to consider new revenue measures if it wants to maintain high levels of municipal services" as stated on page one of the staff report. **Seconded by Vice Commissioner Howard.**

VOTE: **Motion passed unanimously.**

The Commission had further discussion.

MOTION: **Motion by Chair Koen** (motion language distributed to the Commission in hard copy format) to recommend the Town Council request staff to adopt a consistent format for reporting revenues, expenditures, and changes in funds balance which will be used in the annual plan, the Five-Year Forecast and mid-year update reports to improve visibility and comparability; and all reports must be prepared in accordance with GAAP. **Seconded by Vice Chair Reiners.**

VOTE: **Motion passed unanimously.**

The Commission took a recess at 7:12 p.m.

The Commission reconvened at 7:20 p.m.

5. Consider NBS Revenue Modeling Report and Make Recommendations to the Town Council Regarding the NBS Revenue Modeling Report and Budget Balancing Strategies Including Any Revenue Ballot Measures and Polling for Potential Revenue Ballot Measures

Assistant Town Manager Katy Nomura presented the staff report.

Chair Koen opened public comment.

Jak Van Nada

- Commented on the ratio of revenues to expenditures.

Chair Koen closed public comment.

MOTION: Motion by Chair Koen (motion language distributed to the Commission in hard copy format) to recommend the Town Council not rely upon the NBS report's conclusion regarding deficit reductions because the financial analysis was based on an outdated Five-Year Forecast which did not include actual results for the FY 23; and the Finance Commission does find that the incremental revenue contribution for the revenue options analyzed are credible and can be used for modeling purposes. **Seconded** by Commissioner Monk.

VOTE: Motion passed unanimously.

6. Review and Make Recommendations to the Town Council to accept as Presented or Accept with Modifications the FY 24 Mid-Year Report and Supporting Work Product

The Commission asked questions and briefly discussed the item.

Staff addressed the Commissioners' questions.

No public comment.

7. Review and Adopt the Finance Commission 2024 Workplan, Meeting Dates, and Establish Subcommittees for Selected Projects

Item 7 was not discussed and continued to the next meeting.

Item 3 was not discussed.

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SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of February 12, 2024

DATE: March 6, 2024

ADJOURNMENT:

The meeting adjourned at 8:08 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the February 12, 2024, meeting as approved by the Finance Commission.

Wendy Wood, Town Clerk