From: Phil Koen
Sent: Friday, April 29, 2022 12:08 AM
To: Ron Dickel; Kyle Park
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; jvannada; Rick Van Hoesen; Matthew Hudes <MHudes@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>
Subject: Pages from Staff report - April 28.pdf

Hello Ron and Kyle,

I apologize for writing this email to you, but as I understand the current protocol Staff will not respond to any questions or comments coming from me or members of LGCA. They will only respond to questions from the FC. Hence the reason I am sending you this email.

I would like to point out that the FY 22 total salary and benefits expenditures of $30,411,548 on the attached schedule is greater than the reported number shown on schedule C-13 in the FY 23 Operating Budget Financial Summary. The number reported there is $29,019,556. I am assuming the $30.4m is the more accurate estimate.

Reading between the lines, the Staff's April 28 report hints at the idea the GeneraL Fund ending Balance as of year end FY 22 will be material lower than what is projected in the 5 year forecast. We don't know that for sure, but that seems to be the "new news".

Putting the pieces together, my analysis suggests the GF Balance will be at least $1.4m less. That is about a 5% reduction.

The central issue that needs to be addressed is what is the most likely financial forecast for the next 5 years and does the Town have sufficient liquidity to fund the projected operating deficits and meet the capital expenditure required to maintain critical infrastructure.

The Staff report also provides critical information which supports our conclusion that the 5 year forecast does not include a reasonable level of capital expenditures to maintain the Town's infrastructure. This needs to be included in the 5 year forecast.

Again, I would like to offer the LGCA assistance in presenting to you our view of the efficacy of the 5 year forecast. We could do this in a 15 minute presentation followed by 15 minutes of Q and A. Please let us know if there is an interest in hearing our views.

Thank you.

Phil Koen

SUBJECT: Discussion of Proposed Budgets, Including Commissioner Questions
DATE: April 28, 2022

REMARKS (continued):

Total Town Salaries and Benefits-All Funds

Salary Recap	Actual 2014_15	Actual 2015_16	Actual 2016_17	Actual 2017_18	Actual 2018_19	Actual 2019_20	Actual 2020_21	Estimated 2021_22	Grand TOTAL
Regular Salaries	$ 13,620,986	$ 13,749,539	$ 14,164,796	$ 15,100,261	$ 16,066,399	$ 16,968,446	$ 17,512,199	$ 17,000,348	$ 124,182,974
Temporary Staff	$ 867,364	$ 869,152	$ 913,362	$ 811,198	$ 648,097	$ 881,908	$ 877,714	$ 1,073,196	$ 6,941,991
Overtime	$ 438,036	$ 416,697	$ 546,694	$ 583,927	$ 707,636	$ 708,967	$ 882,425	$ 1,078,319	$ 5,362,701
Leave Cash Outs	$ 316,635	$ 338,361	$ 92,553	$ 391,998	$ 305,745	$ 604,605	$ 556,908	$ 893,514	$ 3,500,319
Elected Salaries	$ 9,177	$ 9,054	$ 9,054	$ 9,000	$ 22,650	$ 31,122	$ 31,985	$ 33,793	$ 155,835
All Other Salary	$ 153,988	$ 113,907	$ 102,736	$ 113,466	$ 286,925	$ 143,868	$ 470,789	$ 141,732	$ 1,527,411
Total Salaries	$ 15,406,186	$ 15,496,710	$ 15,829,195	$ 17,009,850	$ 18,037,452	$ 19,338,916	$ 20,332,020	$ 20,220,902	$ 121,450,329
Budgeted Benefits-PERS Actuals	$ 3,380,254	$ 3,838,167	$ 6,109,808	$ 4,762,532	$ 5,308,521	$ 6,090,231	$ 6,400,040	$ 6,495,359	$ 42,384,912
Budgeted Other Benefits Actuals	$ 3,185,962	$ 3,431,464	$ 3,360,605	$ 3,523,921	$ 3,602,352	$ 3,640,385	$ 3,733,828	$ 3,695,287	$ 28,173,804
Benefits-Total Actuals	$ 6,566,216	$ 7,269,631	$ 9,470,413	$ 8,286,453	$ 8,910,873	$ 9,730,616	$ 10,133,868	$ 10,190,646	$ 70,558,716
Grand Total Salaries & Benefits	$ 21,972,402	$ 22,766,341	$ 25,299,608	$ 25,296,303	$ 26,948,325	$ 29,069,532	$ 30,465,888	$ 30,411,548	$ 212,229,947

Average Growth Calculations Based on Actual Costs		Annual Growth Rate	Annual Growth Rate	Annual Growth Rate	Annual Growth Rate	Annual Growth Rate	Annual Growth Rate	Annual Growth Rate	Average Growth Rate based on 7 FYTD actuals
Regular Salaries Growth Rate	N/A	0.9%	3.0%	6.6%	6.4%	5.6%	3.2%	-2.9%	3.3%
Temporary Salaries Growth Rate	N/A	0.2%	5.1%	-11.2%	-20.1%	36.1%	-0.5%	22.3%	4.6%
Overtime Salaries Growth Rate	N/A	-4.9%	31.2%	6.8%	21.2%	0.2%	24.5%	22.2%	14.5%
Paid Leave & Final Leave Cash-Outs	N/A	6.9%	-72.6%	323.5%	-22.0%	97.7%	-7.9%	60.4%	55.2%
Elected Salaries Growth Rate	N/A	-1.3%	0.0%	-0.6%	151.7%	37.4%	2.8%	5.7%	27.9%
All Other Salaries Growth Rate	N/A	-26.0%	-9.8%	10.4%	152.9%	-49.9%	227.2%	-69.9%	33.6%
Total Salaries Growth Rate	N/A	0.6%	2.1%	7.5%	6.0%	7.2%	5.1%	-0.5%	4.0%
Budgeted CalPERS benefits Growth	N/A	13.5%	59.2%	-22.1%	11.5%	14.7%	5.1%	1.5%	11.9%
Other Benefits Growth Rate	N/A	7.7%	-2.1%	4.9%	2.2%	1.1%	2.6%	-1.0%	2.2%
Total Benefits Growth Rate	N/A	10.7%	30.3%	-12.5%	7.5%	9.2%	4.1%	0.6%	7.1%