



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 05/2/2022

ITEM NO: 3

ADDENDUM

DATE: April 29, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Continue Discussion of the Proposed Fiscal Year (FY) 2022/23 Operating and Capital Budgets, Including Responses to Commissioner Questions

REMARKS:

At its meeting on April 25th, the Commission requested information on the revenue and expenditure assumptions in the Five-Year Forecast. These can be found on pages A-19 through A-22 of the Proposed FY 2022/23 Operating Budget.

The presentation from the April 25 Finance Commission meeting is posted to the agenda for that meeting and the direct link is:

<https://mccmeetingspublic.blob.core.usgovcloudapi.net/losgatos-meet-4fa941040f5a486eae6c0b8c2df414a4/ITEM-Attachment-001-4f6fe8fab9ef40b29a8f966a34429341.pdf>

Chair Dickel requested that his additional questions be transmitted to the Commission today, understanding that responses will be published with Monday's Desk Item:

Further to my earlier two emails asking for answers to various questions from the public, I have the following additional questions:

1. What is the timing for sharing the town survey results? Please distribute as soon as possible.
2. Please distribute the Finance Commission presentation given this week.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager and Town Attorney

REMARKS (continued):

3. Discuss using the remaining ARPA balance, potentially including the \$1 mln used to fund 2023 deficit, toward current capital needs. This would reduce the transfer proposed from the GFAR.
4. On A10 and C41, ARPA funds are proposed to be used for rent forgiveness for certain non-profit organizations that are tenants. Is this approximately \$300K rent forgiveness anticipated to continue after 2023? What is the annual attendance at the Los Gatos museums?
5. Does the projected \$600,000 2021 surplus get contributed to the GFAR automatically or require specific council action?
6. Two of the three new FTEs are considered temporary given the need for transition. What is the time period that these two new positions will be overlapping?
7. Will the Shannon road embankment work need to be completed before the anticipated settlement of the lawsuit with Santa Clara County? Noted that \$1.5 mln is currently allocated to the project.
8. Discuss the timing around the uncertainty of ERAF payments. SCCA recommends 70% of anticipated proceeds to be budgeted. Will this always be the case?
9. Any update on the recently passed federal infrastructure bill and its impact on Los Gatos capital spends?
10. On A13, the amount of the general fund assigned to capital projects goes from 7mln in 2022 to 4.7 in 2023. Why?
11. On C22, why is Parks revenue going down by \$400K?
12. On D18, the liability fund balance is decreasing by \$400K while claims are going up. Shouldn't this internal service fund be eliminated with its balance of \$200K and reflect only the current expenditures? The ending fund balance has been reduced by over \$1mln since 2019.

REMARKS (continued):

13. D42. Why the decrease of \$500K in grants from last year? Isn't this inconsistent with proposing continued rent abatements for nonprofits?
14. D80. The Workers' Comp fund is projected to be \$11K at end of 2023, down from a high of \$1.8 mln in 2020 and \$800K in 2022. Fund should be eliminated as balances are very inconsistent year to year. Discuss.
15. Personnel--can you update us on all open positions in the KPI's chart?
16. What is the maximum amount of capital spend that the staff is capable of overseeing in 2023?
17. What is the current time period for the Monte Sereno police contract?
18. Is the Roadside Fire Fuel Reduction project thought to be needed in FY2024 and forward? It is noted that it is not funded beyond 2023.

Additional public comment received before 11 a.m. today is included in Attachment 1.

The Chair asked requested staff to respond to the questions in the public comment as part of Monday's Desk Item.

Attachment Received with this Addendum:

1. Public Comment