

From: [Phil Koen](#)
To: [Laurel Prevetti](#); [Gitta Ungvari](#); [Wendy Wood](#); [Rick Tinsley](#)
Subject: CIP Detail - agenda item 7
Date: Sunday, March 12, 2023 7:53:13 AM
Attachments: [Pages from CIP-Transmittal-Letter.pdf](#)

[EXTERNAL SENDER]

Hello Laurel and Gitta,

Would you please distribute the attached schedule from the FY 23 CIP Budget to the FC. This schedule should be read in conjunction with Table 2 found on page 4 of the CIP Staff Report for agenda item 7

Note that of the \$12,547,671 of “new funding” shown in Table 2, only \$40,000 was for one new CIP project. To be clear, the FY 23 Capital plan only funded 1 new capital project for \$40,000.

As shown in the attached schedule, \$12,507,671 was additional funding for existing CIP projects. The Staff may want to discuss why this occurred and if it is normal to have the majority of new annual capital funding to go to existing projects as opposed to new projects.

Additionally, the schedule shows that there are 8 capital projects that have budgets exceeding \$1m. It would be helpful if the staff provided additional information about the budget performance of these 8 projects in terms of budget vs original first budget approved and schedule performance in terms of current estimated completion date vs. first estimate of completion date.

The reason for asking for this information is when the majority of an annual capital plan is allocated to existing projects, that is usually a good indicator that projects are behind schedule and over original budget. Part of solving the Town’s capital challenge is understanding the effectiveness of the CIP process in controlling costs and schedule. Project delays will always drive project increases.

One project that exemplifies this issue is the building replacement at the Corporate Yard. In researching the project, it was first approved in the FY 2016 CIP budget for \$420,000 with a target completion date of Fall 2016. It appears that the project now has a budget of \$1,371,361 with a target completion date of Spring 2013 - seven years later.

The FC needs to understand if schedule slippage is a normal occurrence for CIP projects in flight and the magnitude of budget over runs in order to formulate recommendations that will improve the capital allocation process for the Town. The elimination of schedule slippage/budget over runs is a “source of capital” and will allow the Town to reallocate this “saved” capital to other needs.

Thank you.

Phil Koen

CAPITAL IMPROVEMENT PROGRAM

Introduction Section

Carry-forward & FY 2022/23 CIP Projects						
CARRY-FORWARD PROJECTS		GFAR	Grants and Awards	Gas Tax	Other	Total
Streets	* Street Repair & Resurfacing	\$ 4,316,798	\$ -	\$ 3,174,114	\$ -	\$ 7,490,912
	* Annual Street Restriping	219,772	-	-	-	219,772
	* Traffic Calming Projects	239,135	-	-	-	239,135
	* Curb, Gutter & Sidewalk Maintenance	881,550	62,884	-	-	944,434
	* Retaining Wall Repairs	515,895	-	-	-	515,895
	Shannon Road Repair	992,527	-	-	-	992,527
	Roadside Fire Fuel Reduction	-	-	-	-	-
	Parking Lot 4 Repair/Waterproofing	250,000	-	-	-	250,000
	ADA Transition Plan	54,850	-	-	-	54,850
	East Main Street Crosswalk Improvements	15,000	-	-	-	15,000
	Local Road Safety Plan	20,000	-	-	-	20,000
	VMT Mitigation Program	250,000	-	-	-	250,000
	* Measure B Education & Encouragement	-	126,516	-	-	126,516
	* Shannon Road Ped & Bikeway Improvements	103,375	1,114,350	-	48,003	1,265,728
	Sidewalk Improvements - Multiple Locations	60,000	-	-	-	60,000
	Utility Undergrounding Improvements	-	-	-	299,573	299,573
	Traffic Signal Modernization	-	446,626	-	256,282	702,908
	Bicycle & Pedestrian Improvements	231,524	-	-	33,650	265,174
	Downtown Streetscape Revitalization	1,952,854	-	-	-	1,952,854
	* State Route 17 Corridor Congestion Relief Project	867,000	-	-	600,000	1,467,000
	Winchester Boulevard Complete Streets (Final Design)	543,198	-	-	-	543,198
	Blossom Hill Road Traffic Safety	276,590	-	-	-	276,590
	Winchester Class IV Bikeway	-	-	-	-	-
	* Kennedy Sidewalk & Bike Lanes - LGB to Englewood	59,460	138,740	-	-	198,200
	Parking Program Implementation	440,937	-	-	-	440,937
	Hernandez Avenue Storm Drain Improvements	-	-	-	-	-
	Stormwater System - Pollution Prevention Compliance	286,578	-	-	-	286,578
	Annual Storm Drain Improvements	-	-	-	556,900	556,900
	Downtown Parking Lots Seal Coat & Restriping	12,173	-	-	-	12,173
	Quito Road - Bridge Replacement	50,000	-	-	-	50,000
	* Hwy 17 Bicycle & Pedestrian Bridge-Design	701,424	521,634	-	-	1,223,058
Parks	Oak Meadow Bandstand Area Improvements	90,000	196,730	-	-	286,730
	Town Plaza Turf Repairs	28,000	-	-	-	28,000
	* Parks Playground Fibar Project	55,264	-	-	-	55,264
	Pinehurst Community Garden	20,000	-	-	-	20,000
	Charter Oaks Trail Repair Project	474,891	-	-	-	474,891
	Open Space Trail Upgrades	152,000	-	-	-	152,000
	* Los Gatos Creek Trail to Highway 9 Trailhead Connector	1,033,645	4,800,000	-	-	5,833,645
	Forbes Mill Footbridge Improvements	27,478	-	-	-	27,478
	Vegetation Management - Town-wide	21,861	-	-	-	21,861
	Lynne Ave Pedestrian Path Design	75,000	-	-	-	75,000
Public Facilities	* Town Beautification	20,055	-	-	-	20,055
	Public Art Gateway Project	7,000	-	-	-	7,000
	Waterproofing Town-wide	21,796	-	-	-	21,796
	ADA Restrooms and HR Offices	535,000	-	-	-	535,000
	Civic Center Security Improvements	110,000	-	-	-	110,000
	Adult Recreation - Floor Repair	200,000	-	-	-	200,000
	* Adult Recreation Center HVAC	310,000	-	-	-	310,000
	Building Replacement at Corporation Yard	1,371,361	-	-	-	1,371,361
	Engineering Document Archiving	-	-	-	-	-
	Sound Mitigation in Library Lobby	22,000	-	-	-	22,000
	Battery Power Supply - Library	30,000	513,000	-	-	543,000
	ADA Upgrade Public Restrooms - Adult Recreation Bldg	183,000	43,979	-	-	226,979
	Town-wide Document Imaging Project	16,990	-	-	-	16,990
	Fire Suppression (Halon) for Server Rooms	26,291	-	-	-	26,291
	* Enterprise Resource Planning Upgrade	1,277,026	-	-	-	1,277,026
	EOC Communications Upgrade	24,308	-	-	-	24,308
	IT Disaster Recovery Improvements	81,020	-	-	-	81,020
TOTAL OF CARRY-FORWARD PROJECTS (INCLUDES NEW ALLOCATIONS)		\$ 19,554,627	\$ 7,964,459	\$ 3,174,114	\$ 1,794,408	\$ 32,487,608
*These carry-forward projects include new money for FY 2022/23 in the amount of \$12,507,671.						
NEW PROJECTS						
Parks	Belgatos Park Booster Pump Replacement	\$ 40,000	\$ -	\$ -	\$ -	40,000
TOTAL OF NEW PROJECTS		\$ 40,000	\$ -	\$ -	\$ -	40,000
TOTAL OF CARRY-FORWARD & NEW PROJECTS		\$ 19,594,627	\$ 7,964,459	\$ 3,174,114	\$ 1,794,408	\$ 32,527,608

From: [Phil Koen](#)
To: [Laurel Prevetti](#); [Gitta Ungvari](#); [Wendy Wood](#); [Rick Tinsley](#)
Subject: Pages from Financial-Summaries - Capital Plan - FY 23(1).pdf
Date: Sunday, March 12, 2023 11:31:09 AM
Attachments: [Pages from Financial-Summaries - Capital Plan - FY 23\(1\).pdf](#)

[EXTERNAL SENDER]

Hello Laurel and Gitta,

Would you please distribute the attached schedule from the FY 23 CIP budget to the FC. This schedule should be read in conjunction with the Statement of Sources of Funds (attachment #3) in the Staff memo for agenda item #7 - CIP discussion.

The attached schedule shows the total annual revenue, including fund transfers into the GFAR, forecasted to be available for all programmed capital projects. For FY 24 the forecast shows total revenue and transfers in of \$7.5m with \$6.1m programmed for capital expenditures. That leaves \$1.4m in excess revenues available for capital allocation.

Additionally, there is \$9.9m in forecasted total beginning fund balances, not including approximately \$11m in General Fund Capital Project reserves. This suggests there is a total of \$22.3m in additional liquidity potentially available for capital allocation in FY 24.

It would be helpful to the discussion if Staff could confirm that an additional \$22.3m is potentially available.

Thank you,

Phil Koen

CAPITAL IMPROVEMENT PROGRAM

Financial Summaries

Source and Use Summary Schedule All Capital Improvement Program Funds

SOURCE of FUNDS	Adjusted Budget FY 2021/22	Estimated FY 2021/22	Carryfwd & FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Beginning Fund Balance							
411 GFAR	\$ 13,474,303	\$ 15,433,836	\$ 12,464,308	\$ 3,004,365	\$ 2,961,749	\$ 3,044,133	\$ 3,051,517
411 Reserved for Parking	1,460,210	-	-	-	-	-	-
411 Reserved for Comcast PEG	50,000	-	50,000	50,000	50,000	50,000	50,000
411 Reserved for Almond Grove	-	-	-	-	-	-	-
411 VTA Vehicle Registration Fees	293,323	-	-	-	-	-	-
411 Reserved from Tesla Contributions	4,000	-	100,000	196,000	292,000	388,000	484,000
411 Reserved for Open Space Trail	152,000	-	152,000	152,000	152,000	152,000	152,000
411 Reserved for Measure G	-	-	-	656,978	1,340,626	2,071,691	2,806,255
471 Traffic Mitigation	152,777	152,777	152,777	152,777	152,777	152,777	152,777
471 Reserved for Capital Improvements	228,542	228,542	228,542	228,542	228,542	228,542	228,542
421 Grant Fund	(318,992)	(318,992)	(3,309,041)	(317,462)	(317,462)	(317,462)	(317,462)
461 Storm Basin #1	1,078,286	1,078,286	1,135,466	985,146	1,035,976	1,087,974	1,141,168
462 Storm Basin #2	1,968,245	1,968,245	2,090,579	1,958,499	2,014,189	2,071,077	2,129,191
463 Storm Basin #3	(128,840)	(128,840)	(155,453)	(323,168)	(322,238)	(386,247)	(385,524)
472 Underground Utilities	3,201,311	3,201,311	3,257,936	2,962,850	3,007,660	3,052,700	3,097,960
481 Gas Tax	1,425,096	1,425,096	1,898,590	222,164	222,164	222,164	222,164
Total Beginning Fund Balance	\$ 23,040,260	\$ 23,040,260	\$ 18,065,702	\$ 9,928,690	\$ 10,817,982	\$ 11,817,348	\$ 12,812,588
Revenues							
411 GFAR	\$ 7,393,484	\$ 5,495,867	\$ 11,305,278	\$ 3,342,081	\$ 3,389,498	\$ 3,392,998	\$ 3,409,313
471 Traffic Mitigation	1,975,678	543,973	907,273	10,000	10,000	10,000	10,000
421 Grant Fund	7,922,549	1,136,359	10,956,039	2,427,810	-	-	-
461 Storm Basin #1	49,670	57,180	49,680	50,830	51,998	53,194	54,419
462 Storm Basin #2	53,930	135,734	54,520	55,690	56,888	58,114	59,359
463 Storm Basin #3	940	(765)	2,585	930	991	723	776
472 Underground Utilities	52,490	57,052	52,490	44,810	45,040	45,260	45,490
481 Gas Tax	1,401,865	1,447,709	1,603,689	1,603,689	1,603,689	1,603,689	1,603,689
Total Revenues	\$ 18,850,606	\$ 8,873,109	\$ 24,931,553	\$ 7,535,840	\$ 5,158,103	\$ 5,163,978	\$ 5,183,046
TOTAL SOURCE OF FUNDS	\$ 41,890,865	\$ 31,913,369	\$ 42,997,256	\$ 17,464,530	\$ 15,976,085	\$ 16,981,325	\$ 17,995,634
USE OF FUNDS	Adjusted Budget FY 2021/22	Estimated FY 2021/22	Carryfwd & FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Capital Program Expenditures							
411 GFAR	\$ 19,849,125	\$ 6,256,001	\$ 19,594,627	\$ 2,187,433	\$ 2,062,433	\$ 2,137,433	\$ 2,187,433
471 Traffic Mitigation	1,431,246	541,315	889,932	-	-	-	-
421 Grant Fund	7,869,300	4,126,408	7,964,459	2,427,810	-	-	-
461 Storm Basin #1	200,000	-	200,000	-	-	-	-
462 Storm Basin #2	200,000	13,400	186,600	-	-	-	-
463 Storm Basin #3	259,447	25,848	170,300	-	65,000	-	-
472 Underground Utilities	348,003	427	347,576	-	-	-	-
481 Gas Tax	2,544,640	868,215	3,174,114	1,497,689	1,497,689	1,497,689	1,497,689
Total Capital Program Expenditures	\$ 32,701,762	\$ 11,831,614	\$ 32,527,608	\$ 6,112,932	\$ 3,625,122	\$ 3,635,122	\$ 3,685,122
Transfers Out & Other Sources							
411 GFAR	\$ 1,907,394	\$ 1,907,394	\$ 417,616	\$ 417,616	\$ 417,616	\$ 417,616	\$ 417,616
411 Reserved for Comcast PEG	50,000	-	50,000	50,000	50,000	50,000	50,000
411 Reserved for Tesla Charging Station	4,000	-	196,000	292,000	388,000	484,000	580,000
411 Reserved for Open Space Trail	293,323	-	152,000	152,000	152,000	152,000	152,000
411 Reserved for Measure G	-	-	656,978	1,340,626	2,071,691	2,806,255	3,557,135
471 Traffic Mitigation	10,000	2,659	17,341	10,000	10,000	10,000	10,000
481 Gas Tax	106,000	106,000	106,000	106,000	106,000	106,000	106,000
Total Transfers Out & Designated	\$ 2,370,717	\$ 2,016,053	\$ 1,595,935	\$ 2,368,242	\$ 3,195,307	\$ 4,025,871	\$ 4,872,751
Unrestricted	\$ 6,818,386	\$ 18,065,702	\$ 8,873,712	\$ 8,983,356	\$ 9,155,657	\$ 9,320,333	\$ 9,437,762
TOTAL USE OF FUNDS	\$ 41,890,865	\$ 31,913,369	\$ 42,997,256	\$ 17,464,530	\$ 15,976,085	\$ 16,981,325	\$ 17,995,634

Ending Bal = \$9,928,690 → \$13,776,897
 ① includes \$800k of Transfer per year from M. Fund

From: [Gitta Ungvari](#)
To: [Wendy Wood](#)
Cc: [Laurel Prevetti](#)
Subject: FW: Pages from Financial-Summaries - Capital Plan - FY 23 (2).pdf
Date: Monday, March 13, 2023 8:55:30 AM
Attachments: [Pages from Financial-Summaries - Capital Plan - FY 23 \(2\).pdf](#)

Commissioner Comment 2

From: Phil Koen <pkoen@monteropartners.com>
Sent: Sunday, March 12, 2023 9:23 AM
To: Laurel Prevetti <LPrevetti@losgatosca.gov>; Gitta Ungvari <GUngvari@losgatosca.gov>; Rick Tinsley <ricktinsley1@gmail.com>
Subject: Pages from Financial-Summaries - Capital Plan - FY 23 (2).pdf

[EXTERNAL SENDER]

Hello Laurel and Gitta,

Would you please distribute the attached schedule from the FY 23 CIP budget to the FC. This schedule should be read in conjunction with Table 3 found on page 5 of the CIP Staff report for agenda item 7.

The yellow highlighted projects correspond to the projects listed on Table 3 with the exception of project 811-9903 pavement rehabilitation which is not listed.

The schedule shows that of the 14 on-going annual projects listed in Table 3 only 7 projects have funds budgeted through FY 27. This raises the questions why the other 7 projects have no funding if these are on-going annually funded projects. Is this an error? Does Staff have an estimate of what the annual spend should be for these projects?

Also the attached schedule shows that for the 7 projects that do have multi-year funding, the total budgeted for FY 24 is \$6,112,932 with approximately \$3.6m budgeted annually for FY 25 through FY 27. This raises the question as to the accuracy of these estimates. Should the FC rely on these estimates in our discussion?

Lastly, the attached schedule shows approximately \$3.2m is currently budgeted annually for street repair and maintenance. The Staff memo mentions that an annual spend of \$4.4m is required to increase the payment condition index (PCI) from the current 73 level to 78. Should the FC assume that the increase required in spending is \$1.2m? Does the new \$4.4m reflect any increase in road materials and labor that has occurred over the past 24 months?

Thank you.

Phil Koen

CAPITAL IMPROVEMENT PROGRAM

Financial Summaries

Project Summary by Program FY 2022/23 - 2026/27

STREETS PROGRAM SUMMARY									
	Expended Through 2020/21	2021/22 Estimated Actuals	Estimated Carryfwd to 2022/23	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budgeted
Reconstruction									
9901 Street Repair & Resurfacing	\$ 20,366,266	\$ 2,941,006	\$ 4,147,743	\$ 3,343,169	\$ 3,240,122	\$ 3,240,122	\$ 3,240,122	\$ 3,240,122	\$ 43,758,671
Maintenance-Safety									
9902 Annual Street Restriping	180,228	-	194,772	25,000	25,000	25,000	25,000	25,000	500,000
9910 Traffic Calming Projects	202,315	13,549	229,135	10,000	10,000	10,000	10,000	10,000	\$ 495,000
9921 Curb, Gutter & Sidewalk Maintenance	3,915,992	399,206	644,434	300,000	200,000	200,000	300,000	300,000	6,259,632
9930 Retaining Wall Repairs	1,596,618	264	465,895	50,000	50,000	50,000	50,000	100,000	2,362,777
0008 Shannon Road Repair	97,891	409,582	992,527	-	-	-	-	-	1,500,000
0130 Roadside Fire Fuel Reduction	499,815	575,185	-	-	-	-	-	-	1,075,000
0708 Parking Lot 4 Repair/Waterproofing	-	-	250,000	-	-	-	-	-	250,000
Street Improvements									
0129 ADA Transition Plan	55,430	74,720	54,850	-	-	-	-	-	185,000
0131 East Main Street Crosswalk Improvements	-	-	15,000	-	-	-	-	-	15,000
0132 Local Road Safety Plan	27,558	52,442	20,000	-	-	-	-	-	100,000
0133 VMT Mitigation Program	-	-	250,000	-	-	-	-	-	250,000
0134 Measure B Education & Encouragement	11,700	48,429	98,215	28,301	-	-	-	-	186,645
0218 Shannon Road Ped & Bikeway Improvements	71,305	126,521	1,215,728	50,000	-	-	-	-	1,463,554
0221 Sidewalk Improvements - Multiple Locations	-	-	60,000	-	-	-	-	-	60,000
0225 Utility Undergrounding Improvements	2,425	427	299,573	-	-	-	-	-	302,425
0227 Traffic Signal Modernization	643,289	1,276,754	702,908	-	-	-	-	-	2,622,951
0231 Bicycle & Pedestrian Improvements	581,353	-	265,174	-	-	-	-	-	846,527
0235 Downtown Streetscape Revitalization	715,441	145,344	1,952,854	-	-	-	-	-	2,813,640
0237 State Route 17 Corridor Congestion Relief Project	-	-	600,000	867,000	-	-	-	-	1,467,000
0238 Winchester Boulevard Complete Streets (Final Design)	124,401	75,651	543,198	-	1,734,250	-	-	-	2,477,500
0239 Blossom Hill Road Traffic Safety	42,678	5,733	276,590	-	-	-	-	-	325,000
0240 Winchester Class IV Bikeway	92,686	889,768	-	-	-	-	-	-	982,453
0241 Kennedy Sidewalk & Bike Lanes - LGB to Englewood	-	-	-	198,200	693,560	-	-	-	891,760
0242 Parking Program Implementation	-	157,563	440,937	-	-	-	-	-	598,500
0409 Hernandez Avenue Storm Drain Improvements	17,180	-	-	-	-	65,000	-	-	82,180
0414 Stormwater System - Pollution Prevention Compliance	1,422	-	286,578	-	-	-	-	-	288,000
0420 Annual Storm Drain Improvements	59,700	13,400	556,900	-	-	-	-	-	630,000
0705 Downtown Parking Lots Seal Coat & Restriping	44,481	43,346	12,173	-	-	-	-	-	100,000
Bridges									
0801 Quito Road - Bridge Replacement	64,594	235,087	50,000	-	-	-	-	-	349,681
0803 Hwy 17 Bicycle & Pedestrian Bridge-Design	242,668	2,991,576	700,744	522,314	-	-	-	-	4,457,302
Total Streets Projects	\$ 29,657,436	\$ 10,475,553	\$ 15,325,929	\$ 5,393,984	\$ 5,952,932	\$ 3,590,122	\$ 3,625,122	\$ 3,675,122	\$ 77,696,198

PARK & TRAILS PROGRAM SUMMARY									
	Expended Through 2020/21	2021/22 Estimated Actuals	Estimated Carryfwd to 2022/23	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budgeted
Parks									
4007 Oak Meadow Bandstand Area Improvements	-	-	286,730	-	-	-	-	-	286,730
4202 Town Plaza Turf Repairs	8,116	-	28,000	-	-	-	-	-	36,116
4605 Parks Playground Fibar Project	75,736	19,000	30,264	25,000	-	25,000	-	-	175,000
4610 Pinehurst Community Garden	-	15,000	20,000	-	-	-	-	-	35,000
3304 Belgatos Park Booster Pump Replacement	-	-	-	40,000	-	-	-	-	40,000
Trails									
4503 Charter Oaks Trail Repair Project	72,942	-	474,891	-	-	-	-	-	547,833
4504 Open Space Trail Upgrades	-	-	152,000	-	-	-	-	-	152,000
4505 Los Gatos Creek Trail to Highway 9 Trailhead Connector Project	429,062	179,260	104,958	5,728,687	-	-	-	-	6,441,967
4507 Forbes Mill Footbridge Improvements	27,942	2,522	27,478	-	-	-	-	-	57,942
4508 Vegetation Management - Town-wide	211,069	17,777	21,861	-	-	-	-	-	250,707
4510 Lynne Ave Pedestrian Path Design	-	-	75,000	-	-	-	-	-	75,000
Total Parks Projects	\$ 824,866	\$ 233,559	\$ 1,221,182	\$ 5,793,687	\$ -	\$ 25,000	\$ -	\$ -	\$ 8,098,294

CAPITAL IMPROVEMENT PROGRAM

Financial Summaries

PUBLIC FACILITIES PROGRAM SUMMARY									
	Expended Through 2020/21	2021/22 Estimated Actuals	Estimated Carryfwd to 2022/23	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	Total Budgeted
Infrastructure									
2002 Town Beautification	\$ 110,109	\$ 9,462	\$ 10,055	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 179,625
2009 Public Art Gateway Project	25,000	25,000	7,000	-	-	-	-	-	\$ 57,000
2010 Waterproofing Town-wide	53,204	-	21,796	-	-	-	-	-	75,000
2117 ADA Restrooms and HR Offices	-	65,000	535,000	-	-	-	-	-	600,000
2119 Civic Center Security Improvements	-	-	110,000	-	-	-	-	-	110,000
2206 Adult Recreation - Floor Repair	-	-	200,000	-	-	-	-	-	200,000
2207 Adult Recreation Center HVAC	-	-	160,000	150,000	150,000	-	-	-	460,000
2302 Building Replacement at Corporation Yard	1,057,783	222,637	1,371,361	-	-	-	-	-	2,651,781
2305 Engineering Document Archiving	47,576	43,876	-	-	-	-	-	-	91,452
2504 Sound Mitigation in Library Lobby	-	-	22,000	-	-	-	-	-	22,000
2505 Battery Power Supply - Library	-	-	543,000	-	-	-	-	-	543,000
2601 ADA Upgrade Public Restrooms - Adult Recreation	51,882	35,000	226,979	-	-	-	-	-	313,861
Equipment									
6003 Town-wide Document Imaging Project	198,011	-	16,990	-	-	-	-	-	215,000
6004 Fire Suppression (Halon) for Server Rooms	70,378	47,727	26,291	-	-	-	-	-	144,396
6101 Enterprise Resource Planning Upgrade	254,769	37,759	77,026	1,200,000	-	-	-	-	1,569,554
6103 EOC Communications Upgrade	24,272	1,420	24,308	-	-	-	-	-	50,000
6104 IT Disaster Recovery Improvements	78,980	40,000	81,020	-	-	-	-	-	200,000
Total Facilities Projects	1,971,964	527,881	3,432,826	1,360,000	160,000	10,000	10,000	10,000	7,482,671
Total Street, Parks and Trails, and Public Facilities Projects	\$ 32,454,266	\$ 11,236,993	\$ 19,979,937	\$ 12,547,671	\$ 6,112,932	\$ 3,625,122	\$ 3,635,122	\$ 3,685,122	\$ 93,277,163

\$ 32,527,608

From: [REDACTED]
To: [Wendy Wood](#)
Cc: [Town Manager](#); [Gitta Ungvari](#); [Rick Van Hoesen](#)
Subject: 10 Year Cumulative Budgeting Date for Los Gatos, Campbell and Saratoga
Date: Monday, March 13, 2023 10:08:56 AM
Attachments: [10 Year Cumulative Data.pdf](#)

[EXTERNAL SENDER]

Please publish the attached as a desk item for today's Finance Commission meeting. It is cumulative, 10 year historical information on Los Gatos, Saratoga and Campbell's actual budgeting data for comparison purposes. The FC may find the information useful as they work on the 2023-2024 budget, including the capital budget - Item 7 on today's agenda.

Thank you,

*Jak Van Nada -
Los Gatos Community Alliance
Facts Matter; Transparency Matters; Honesty Matters*

[REDACTED]



We looked at the budgeting accuracy for Los Gatos, Saratoga and Campbell over the past 10 years as measured by the cumulative variance of the actual annual operating surplus/(deficit) to the adopted and final budgets for annual operating surplus/(deficit). This information is in each town/city's ACFR. The graphs of our findings are below this note and the included tables. Some definitions are at the end but marked with an *. Here is a summary of what we found.

Los Gatos				
	YE Actual Operating Surplus (Deficit) - Adopted Budget* =			\$ 38,540,820
	YE Actual Operating Surplus (Deficit) - Final Variance*** =			\$ 44,539,104
	Adopted Variance**** / YE Actual Surplus or (Deficit) =			141%
	Final Variance / Actual Surplus or (Deficit) =			163%

Saratoga

YE Actual Operating Surplus (Deficit) - Adopted Budget* =	\$ 18,909,130
YE Actual Operating Surplus (Deficit) - Final Variance*** =	\$ 24,068,720
Adopted Variance**** / YE Actual Surplus or (Deficit) =	81%
Final Variance / Actual Surplus or (Deficit) =	103%

Campbell

YE Actual Operating Surplus (Deficit) - Adopted Budget* =	\$ 13,823,303
YE Actual Operating Surplus (Deficit) - Final Variance*** =	\$ 19,312,789
Adopted Variance**** / YE Actual Surplus or (Deficit) =	49%
Final Variance*** / Actual Surplus or (Deficit) =	69%

A budget can be used as a fiscal management tool or a political tool. When a municipality consistently budgets for operating deficits by intentionally under estimating revenues and over estimating expenditures, this can be highly effective in gaining political support for tax increases or not providing additional valuable services to residents. Even worse, it denies the Town Council the ability to do the job they were elected to do – namely to allocate the Town's financial resources.

Interestingly:

- Saratoga and Campbell budgeted cumulative operating **surplus** over the 10-year period. Both cities adopted a budgeted operating deficit only once during the 10-year period. Saratoga had

operating surpluses 9 years out of the past 10 years and Campbell had an operating surplus 8 years out of the past 10 years.

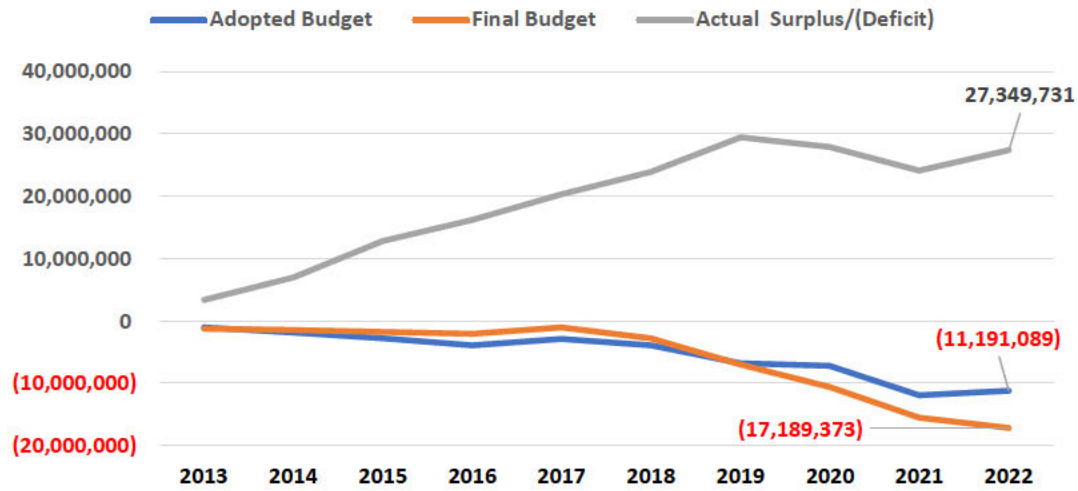
- Los Gatos budgeted a cumulative operating **deficit** over the past 10-years. The Town adopted a budgeted operating **deficit** 8 out of the past 10 years. However actual results were exactly the opposite with an operating surplus being reported 8 out of the past 10 years.
- Saratoga's final budget to actual cumulative variance was \$24m or 104% of the actual result. Campbell's final budget to actual cumulative variance was \$19m or 69% of the actual result.
- Los Gatos's final budget to actual cumulative variance was \$45m or 163% of the actual. The final budgets projected a cumulative operating deficit of \$17m vs. an actual surplus of \$27m.
- Our conclusion is that both Saratoga and Campbell's budgeting processes reasonably forecasted actual outcomes. Los Gatos budgets consistently forecasted deficits when large surpluses were achieved.

Definitions:

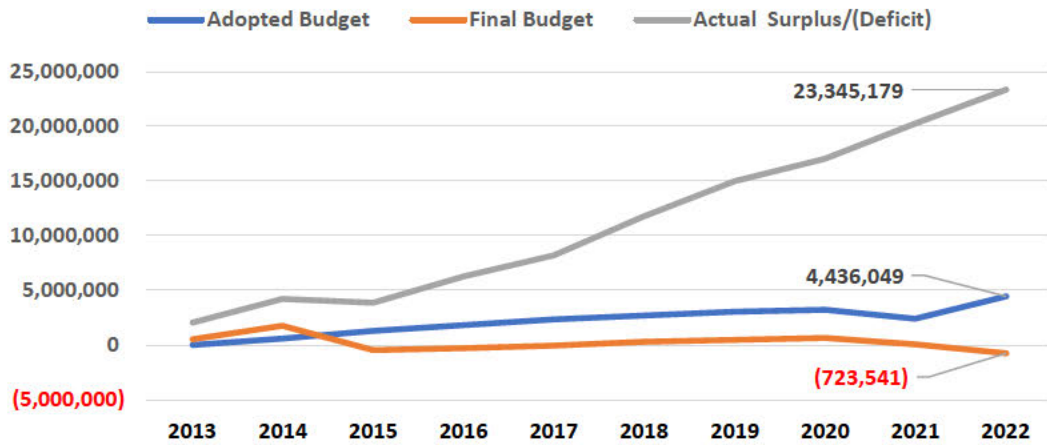
- *Adopted Budget – The official budget adopted by Council Action in May/June for the following fiscal year
- **Final Budget = Usually corrections are made to the Adopted Budget in the Mid-Year budget. This is the "Final Budget".
- ***Final Variance = YE Actual Operating Surplus (Deficit) minus Final Budget
- **** Adopted Variance = YE Actual Operating Surplus (Deficit) minus Adopted Budget

Jak Van Nada, On Behalf of The
Los Gatos Community Alliance

Los Gatos 10 Year Cumulative Budgeting History



Saratoga 10 Year Cumulative Budgeting History



Campbell 10 Year Cumulative Budgeting History

