



**TOWN OF LOS GATOS**  
**FINANCE COMMISSION REPORT**

MEETING DATE: 05/06/2024

ITEM NO: 1

---

DATE: May 1, 2024  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Continue to Review and Discuss the Proposed Fiscal Year (FY) 2024/25 Operating and Capital Improvement Program (CIP) Budgets. Provide Comments and Recommendations Regarding the Proposed Budgets Taken as a Whole.

**RECOMMENDATION:**

Discuss, comment, and make recommendations to the Town Council regarding the Proposed FY 2024-25 Proposed Operating and Capital Budgets.

**BACKGROUND:**

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:

(2) Review the Town Manager's annual proposed budget prepared in accordance with section 2.30.295(6) of the Town Code and provide written comments and recommendations to the Town Council.

(A) The Finance Commission's comments and recommendations shall include a recommendation about whether the Town Council should approve or disapprove the proposed budget. The Finance Commission may make a recommendation of approval of the budget conditional upon the Town Council's acceptance of one or more of the Finance Commission's recommendations.

**PREPARED BY:** Gitta Ungvari  
Finance Director

---

Reviewed by: Town Manager and Town Attorney

---

BACKGROUND (continued):

- (B) The Town Manager must provide a proposed budget to the Finance Commission at least twenty (20) business days before the first meeting at which the proposed budget is considered by the Town Council.

On April 22, 2024, the Proposed FY 2024/25 Operating and Capital Budgets were posted to the Town's website and the links (listed below) were provided to the Finance Commission. For Commissioners who were interested in hard copies, the documents were provided. Per Measure A, the Finance Commission received the Proposed Budgets 21 business days before May 21, 2024, which is the first meeting at which the Proposed Budgets will be considered by the Town Council.

Proposed Operating Budget:

<https://www.losgatosca.gov/2957/Proposed-FY-2024-25-Operating-Budget>

CIP Budget:

<https://www.losgatosca.gov/2956/Proposed-FY-2024-25-Capital-Budget>

DISCUSSION:

At the Finance Commission special meeting on April 29, 2024, the Finance Commission had begun its discussion of the Operating Budget, expecting to focus on the Capital Budget at the May 6 meeting. The Finance Commission requested additional details on operating expenditures and other revenues. The detailed information can be found in Attachment 1.

The Commission also inquired about Factors that are driving up Police Department costs. As noted in the Expenditure Assumptions contained on page A-24, pension costs rose steeply for FY 2024/25 to almost 95% for sworn personnel in the Police Officers Association (POA) and almost 98% for Police Management. The newer sworn employees under the PEPR Plan is approximately 16%. To date, approximately half of the sworn staff are in PEPR. Other cost drivers include increases in salary based on the recently approved POA Memorandum of Understanding and increased cost of general and workers' compensation liabilities.

Development activity is reflected in General Fund Community Development and Parks and Public Works Pass-Through program activities and supplemented with Contractor and Consultant Services as detailed on page 3 of Attachment 1.

Communications from Finance Commissioners received before 11:00 a.m. on May 2 are contained in Attachment 2. In addition, staff continued a list of corrections and clarification to the Proposed Budgets based on staff further review and Commission comments as listed in Attachment 3.

PAGE 3 OF 3

SUBJECT: Proposed FY 2024/25 Operating and Capital Budgets

DATE: May 1, 2024

DISCUSSION (continued):

At the Finance Commission special meeting on May 6, 2024, the Finance Commission will continue its discussion and the identification of its comments and recommendations to the Town Council. The primary focus of the discussion will be the five-year capital plan. The Commission is scheduled to complete its recommendations on the Budget at its regular meeting on May 13, 2024. The Commission's final comments and recommendations to be transmitted to the Town Council for its May 21, 2024 public hearing on the Budgets.

CONCLUSION:

Staff looks forward to the Commission's questions, discussion, comments, and recommendations.

Attachments:

1. Additional Detailed Information
2. Commissioners Communication received before 11:00 a.m. on May 2, 2024
3. Corrections and clarifications to the Proposed FY 2024/25 Operating and Capital Budgets