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Subject: Format of Five Year Forecast - Agenda Item #13

Dear Council Members,

If we are trying to increase transparency to the five-year planning process, why has the Town adopted this five-year forecast format? If we compare the current format to what the residents use to get as recently as FY 2016, the reader is presented with LESS information. Why are residents getting less information today than in FY 2016?

Historical actual data helps inform the reader as to the reasonableness of future projections, especially in a period of great uncertainty. The request for historical actual data has been a long-standing request that many residents have made over the past years. If the Town is committed to increasing transparency, it is a very small task to bring back the five-year format that the Town used in FY 2016.

Please re-publish the current five-year forecast using the format the Town used in FY 2016.

Thank you.

Phil Koen

Reflective of the positive economy, the Five-Year Forecast identified over \$400,000 in additional General Fund monies in FY 2015/16 which have been allocated to fund contractually obligated increases, including salary increases, contractual increases and unfunded mandates as previously discussed.

Provided below is a recap of the most recent Five-Year Financial Plan prepared in early May 2015. The updated Five-Year Financial Plan spans FY 2015/16 - 2019/2020:

**Town of Los Gatos General Fund
Updated Five-Year Financial Plan
(\$ millions)**

								FY 1	FY 2	FY 3	FY 4	FY 5
Account	Revenue Category	2012/13 Actuals	2013/14 Adopted	2013/14 Actuals	2014/15 Budget	2014/15 Estimated	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	
4100	Property Tax	\$ 8.3	\$ 7.8	\$ 9.1	\$ 8.2	\$ 8.4	\$ 9.1	\$ 9.4	\$ 9.7	\$ 10.0	\$ 10.3	
4110	VLF Backfill Property Tax	2.4	2.4	2.7	2.7	2.8	2.8	2.9	2.9	2.9	2.9	
4200	Sales & Use Tax	8.8	7.8	8.0	8.3	8.1	8.3	8.8	9.2	9.6	9.5	
4250	Franchise Fees	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.3	2.3	2.4	
4251	Transient Occupancy Tax	1.3	1.0	1.5	1.3	1.5	1.5	1.5	1.6	1.6	1.7	
4400	Business License Tax	1.2	1.4	1.1	1.4	1.7	1.3	1.3	1.3	1.3	1.3	
4400	Licenses & Permits	3.1	2.6	3.2	2.9	2.9	3.0	3.1	3.1	3.2	3.3	
4500	Intergovernmental	0.9	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.8	
4600	Charge for Services	3.1	2.5	2.7	2.5	2.4	2.4	2.7	2.7	2.8	2.9	
4700	Fines & Forfeitures	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
4800	Interest	(0.2)	0.5	1.1	0.3	0.5	0.3	0.3	0.3	0.4	0.4	
4850	Other Sources	3.6	3.4	4.7	4.5	4.9	4.7	3.5	3.3	3.3	3.4	
4900	Fund Transfers In	0.6	0.8	0.3	0.6	0.4	0.5	0.4	0.4	0.4	0.4	
TOTAL REVENUES		35.7	33.6	38.1	36.2	37.1	37.5	37.5	38.2	39.2	40.0	
Use of Reserves/Deposits		1.9	2.7	3.4	7.7	7.3	0.4	0.4	0.4	0.4	0.4	
TOTAL REVENUES & TRANSFERS		\$ 37.6	\$ 36.3	\$ 41.5	\$ 43.9	\$ 44.4	\$ 37.9	\$ 37.9	\$ 38.6	\$ 39.6	\$ 40.4	

Account	Expenditure Category	2012/13 Actuals	2013/14 Proposed	2013/14 Actual	2014/15 Budget	2014/15 Estimated	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast
5110	Salary	\$ 12.6	\$ 13.0	\$ 12.4	\$ 13.7	\$ 13.1	\$ 14.3	\$ 14.3	\$ 14.4	\$ 14.4	\$ 14.4
5130	Temporary Employees	0.9	0.6	0.8	0.6	0.7	0.8	0.7	0.7	0.7	0.7
5140	Overtime	0.6	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
5170	Other Salary	0.3	0.4	0.4	0.4	0.2	0.4	0.4	0.4	0.4	0.4
5200	Benefits	6.3	6.7	6.6	8.4	6.0	7.3	7.9	8.4	8.9	9.4
6000	Supplies, Materials, & Services	5.6	5.3	5.6	5.3	5.6	5.5	5.6	5.6	5.8	5.9
6000	Pass Through Expenditures	-	-	0.8	0.8	1.1	1.1	-	-	-	-
7200	Grants & Awards	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
7400	Utilities	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.5
7700	Fixed Assets	-	-	0.1	-	-	-	-	-	-	-
8060	Internal Service Charges	3.3	3.4	3.4	3.4	3.3	3.6	3.8	3.9	4.0	4.1
8900	Debt Service	2.0	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0
TOTAL EXPENDITURES		\$ 32.2	\$ 32.3	\$ 33.0	\$ 35.5	\$ 33.0	\$ 35.9	\$ 35.8	\$ 36.5	\$ 37.3	\$ 38.0
9900	RDA Trust Fund	-	0.1	0.1	-	-	-	-	-	-	-
9900	Operating Transfers Out	-	-	-	-	-	0.1	-	-	-	-
9900	Capital Transfers Out to GFAR	1.9	2.7	2.6	7.0	7.3	0.4	0.4	0.4	0.4	0.4
9900	GASB 45 Retiree Medical Actuarial	1.2	1.3	5.8	1.3	1.3	1.5	1.6	1.6	1.6	1.6
EXPENDITURES		35.3	36.4	41.5	43.8	41.6	37.9	37.8	38.5	39.3	40.0
9900	Allocation	-	-	-	-	-	-	-	-	-	-
9900	Projects Reserve	-	-	-	0.1	0.1	-	-	-	-	-
9900	Transfer to Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES & ALLOCATIONS		\$ 35.3	\$ 36.4	\$ 41.5	\$ 43.9	\$ 41.7	\$ 37.9	\$ 37.8	\$ 38.5	\$ 39.3	\$ 40.0
REVENUES LESS EXPENDITURES		\$ 2.3	\$ (0.1)	\$ -	\$ -	\$ 2.7	\$ -	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.4
ONGOING SHORTFALL MITIGATION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET REVENUES LESS EXPENDITURES		\$ 2.3	\$ (0.1)	\$ -	\$ -	\$ 2.7	\$ -	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.4

BASE CASE

Town of Los Gatos General Fund 5-Year Forecast (in \$ million)									
Account	Revenue Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	
4100	Property Tax	\$ 14.7	\$ 13.9	\$ 14.1	\$ 15.2	\$ 15.6	\$ 16.2	\$ 16.6	
4110	VLF Backfill Property Tax	4.0	4.1	4.2	4.3	4.4	4.5	4.7	
4200	Sales & Use Tax	7.0	6.7	7.3	7.5	7.7	7.8	7.9	
4200	Measure G District Sales Tax	1.0	1.0	1.0	1.0	1.1	1.1	1.1	
4250	Franchise Fees	2.5	2.5	2.6	2.7	2.8	2.8	2.8	
4251	Transient Occupancy Tax	2.3	0.7	1.0	1.1	1.2	1.2	1.3	
4400	Business License Tax	1.3	1.1	1.2	1.2	1.2	1.2	1.2	
4400	Licenses & Permits	3.1	3.0	2.9	2.9	3.0	3.1	3.1	
4500	Intergovernmental	1.0	1.3	0.7	0.8	0.8	0.8	0.9	
4600	Town Services	4.0	3.8	3.5	3.5	3.5	3.5	3.6	
4700	Fines & Forfeitures	0.4	0.1	0.3	0.3	0.3	0.3	0.3	
4800	Interest	0.6	0.6	0.5	0.3	0.2	0.2	0.3	
4850	Other Sources	2.3	3.5	2.3	2.3	2.3	2.3	2.3	
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 44.8	\$ 42.9	\$ 42.1	\$ 43.6	\$ 44.5	\$ 45.5	\$ 46.6	
	Use of Capital/Special Project Reserve - Capital	3.4	3.4	0.6	0.6	0.6	0.6	0.6	
	Use of Pension/OPEB Reserve	4.2	4.5	0	0	0	0	0	
	Use of Capital/Special Project Reserve - Other	0.9	0.9	0	0	0	0	0	
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		\$ 53.3	\$ 51.7	\$ 42.7	\$ 44.2	\$ 45.1	\$ 46.1	\$ 47.2	
Account	Expenditure Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	
5110	Salary	20.2	20.3	19.7	19.7	19.9	20.1	20.2	
5120	CalPERS Benefits	7.3	6.4	7.5	7.5	7.2	7.5	7.6	
5200	All Other Benefits	4.1	3.7	3.9	3.9	4.0	4.1	4.2	
6211	OPEB Pay as You Go	1.3	1.3	1.4	1.4	1.4	1.5	1.8	
6000	Operating Expenditures	6.7	6.1	5.4	5.4	5.6	5.7	5.8	
7200	Grants & Awards	0.2	0.2	0.2	0.2	0.2	0.2	0.3	
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
8060	Internal Service Charges	2.4	2.4	2.6	2.6	2.8	3.0	3.2	
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	
TOTAL OPERATING EXPENDITURES		\$ 44.7	\$ 42.8	\$ 43.1	\$ 43.1	\$ 43.7	\$ 44.6	\$ 45.7	
	GASB 45 Retiree Medical Actuarial	0.6	0.6	0.6	0.5	0.4	0.3	0.2	
	Additional Discretionary Payment - Pension	4.6	4.9	0.4	0.4	0.4	0.4	0.4	
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 49.9	\$ 48.3	\$ 44.1	\$ 44.0	\$ 44.5	\$ 45.3	\$ 46.3	
	Capital Transfers Out to GFAR	3.4	3.4	0.6	0.6	0.6	0.6	0.6	
	Transfer to Internal Service Funds	0	0	0	0	0	0	0	
	Pension/OPEB Transfer to Pension Trust Fund	0	0	0	0	0	0	0	
	Allocate to Compensated Absences	0	0	0	0	0	0	0	
	Allocate to Vehicle Maintenance and Stores Surplus	0	0	0	0	0	0	0	
	Allocate to Property Surplus Reserve	0	1.2	0	0	0	0	0	
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		\$ 53.3	\$ 52.9	\$ 44.7	\$ 44.6	\$ 45.1	\$ 45.9	\$ 46.9	
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS		\$ -	\$ (1.2)	\$ (2.0)	\$ (0.4)	\$ -	\$ 0.2	\$ 0.3	

* Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits \$0.1 million.