



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/21/2023

ITEM NO: 14

ADDENDUM

DATE: February 17, 2023

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Mid-Year Budget Report - July 1 - December 31, 2022:

- a. Receive FY 2022/23 Mid-Year Budget Report;
- b. Authorize Budget Adjustments as Recommended in the Mid-Year Budget Report; and
- c. Provide Direction of the Order of Authorized Funding Source to Balance the FY 2022/23 Operating Budget, if Necessary, at the Final Close of the Fiscal Year.

REMARKS:

A Council Member had the following inquiries and staff's response is below.

Please confirm if \$4,998,746 of American Rescue Plan Act (ARPA) funds are currently available to be reprogrammed by the Town Council, itemize what ARPA funds have actually been spent, specify what funds have been programmed but not spent and what is the estimated revenues over expenditures.

| | FY 2020/21 | | FY 2021/22 | | | | FY 2022/23 | | GRAND |
|---|------------|----|--------------------------|--------------|---------------|----|--------------|---------------|--------------|
| | ACTUALS | | BUDGET ADJ. ESTIMATED | ACTUALS | BAL REMAINING | | ESTIMATED | EST. MID-YEAR | TOTAL |
| ARPA FUNDS REVENUE RECOGNIZED | \$ 200,911 | \$ | 3,413,961 | | | | \$ 3,614,872 | | \$ 7,229,744 |
| GOV SERVICES (WAIVERS, CUP&ADA, DIRECT GRANTS) | 200,911 | | | | | | | | 200,911 |
| REVENUE LOSS - GOV SERVICES (PUBLIC SAFETY) | | | 3,413,961 | 3,413,961 | | | 3,614,872 | | 7,028,833 |
| | \$ 200,911 | \$ | 3,413,961 | | | | \$ 3,614,872 | | \$ 7,229,744 |
| GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE | \$ 200,911 | \$ | 3,413,961 | | | | \$ 3,614,872 | | \$ 7,229,744 |
| LESS APPROVED USES TO BE BUDGETED: | | | | | | | | | |
| PARKLETS (DOWNTOWN IMPVTS PROJECT) | \$ - | \$ | 680,000 | \$ 466,428 | \$ 213,572 | \$ | 250,000 | \$ - | \$ 930,000 |
| RENT WAIVERS | 121,255 | | 341,452 | 341,452 | - | | 283,756 | | 746,463 |
| CUP/ADA FEE WAIVERS | 19,656 | | 27,672 | 27,672 | - | | 27,672 | | 75,000 |
| DESTINATION MARKETING | | | 55,000 | 55,000 | - | | | | 55,000 |
| K-RAILS (DOWNTOWN IMPVTS PROJECT) | | | 68,000 | 88,654 | (20,654) | | | | 68,000 |
| PROMENADES | | | 80,000 | 69,855 | 10,145 | | 120,000 | 90,628 | 200,000 |
| DIRECT GRANTS | 60,000 | | 50,000 | 50,000 | - | | | | 110,000 |
| ENHANCED SENIOR SERVICES | | | 500,000 | 249,597 | 250,403 | | | | 500,000 |
| CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS | | | | | | | 2,900,000 | 580,000 | 2,900,000 |
| REQUIRED FOR GF BALANCING OF OPERATING REV_EXP | | | | | | | 1,645,281 | | 1,645,281 |
| TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES | \$ 200,911 | \$ | 1,802,124 | \$ 1,348,659 | \$ 453,465 | \$ | 5,226,709 | \$ 670,628 | \$ 7,229,744 |

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

REMARKS (continued):

The table above is also found on page 27 of the Mid-Year Budget Report. It depicts that all of the blue highlighted items that were not fully spent as of December 31, 2022 will be fully expended per Council direction for parklets, enhanced senior services, rent waivers, and other items as listed.

The Adopted Budget included \$2.9 million of ARPA allocation for Capital Purposes (highlighted in orange in the above table). At its August 16, 2022 meeting, the Council approved the partial programming of the \$2.9 million as demonstrated in the table below.

| Project Name | Recommended Funding Allocation |
|---|--------------------------------|
| East Main Street Crosswalk Improvements | 300,000 |
| Downtown Restroom Feasibility Study/Design | 25,000 |
| Rehabilitate Automatic Gates - 41 Miles Avenue | 25,000 |
| Termite Abatement at Water Tower – 41 Miles Avenue | 25,000 |
| Civic Center Plumbing Repair – 110 E. Main Street | 40,000 |
| HVAC Improvements – Police Operations Building | 25,000 |
| Engineering Counter Modifications – 41 Miles Avenue | 40,000 |
| Unanticipated Repairs | 100,000 |
| Council Add: Pinehurst Community Garden Project | 100,000 |
| Reserve for Future Capital Projects or Matching Funds | 2,220,000 |
| TOTAL | \$2,900,000 |

As demonstrated in this table, \$2,220,000 were set aside for Future Capital Projects or Matching Funds, such as Shannon Road repair and the required \$750,000 match for the Wildfire Grant. The Capital Improvement Program and direction will be discussed separately at the the Finance Commission and Town Council March meetings.

Based on staff mid-year estimates, there is approximately \$1.4 million operating revenues over operating expenditures. If all assumptions hold true, the \$1.6 million (highlighted in green in

REMARKS (continued):

the table on the first page) most probably will not needed to balance the FY 2022/23 budget and would be available for Council reprogramming at the final close of the Fiscal Year with the audit (December 2023).

The following table demonstrates of the actual spending as of 2/15/2023 as a snapshot. The actual numbers do not include encumbrances, or future obligations under signed agreements.

AMERICAN RESCUE PLAN ACT (ARPA) SUMMARY WORKSHEET

| | GRAND TOTAL | ACTUAL SPENDING AS OF 2/15/2023 |
|--|------------------------|--|
| ARPA FUNDS REVENUE RECOGNIZED | \$ 7,229,744 | |
| GOV SERVICES (WAIVERS,CUP&ADA,DIRECT GRANTS) | 200,911 | |
| REVENUE LOSS -GOV SERVICES (PUBLIC SAFETY) | 7,028,833 | |
| | <u>\$ 7,229,744</u> | |
| GENERAL FUND ARPA REPLACEMENT REVENUES AVAILABLE | \$ 7,229,744 | |
| LESS APPROVED USES TO BE BUDGETED: | | |
| PARKLETS (DOWNTOWN IMPVTS PROJECT) | \$ 930,000 | \$ 926,262 |
| RENT WAIVERS | 746,463 | 746,463 |
| CUP/ADA FEE WAIVERS* | 75,000 | 47,328 |
| DESTINATION MARKETING | 55,000 | 55,000 |
| K-RAILS (DOWNTOWN IMPVTS PROJECT) | 68,000 | 88,654 |
| PROMENADES | 200,000 | 200,000 |
| DIRECT GRANTS | 110,000 | 110,000 |
| ENHANCED SENIOR SERVICES | 500,000 | 455,067 |
| CAPITAL IMPROVEMENT PROGRAM SUPPORT TRANSFERS | 2,900,000 | 65,900 |
| REQUIRED FOR GF BALANCING OF OPERATING REV_EXP | 1,645,281 | - |
| TOTAL ALLOCATIONS OF GENERAL FUND ARPA REPLACEMENT REVENUES | <u>\$ 7,229,744</u> | <u>\$ 2,694,674</u> |

*Conditional Use Permit and Americans with Disability Act fee waivers for FY2022/23 will be determined at the close of the fiscal year.

Attachments previously received with the Staff Report:

1. Mid-Year Budget Report - July 1 - December 31, 2022 as Presented at the Finance Commission February 13, 2023 Meeting.
2. Public Comments Receive before Posting the Staff Report

Attachments received with this Addendum:

3. Public Comments received after publishing the Staff Report and before 11:01 a.m. on Friday February 17.