



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/02/2020

ITEM NO: 7

ADDENDUM

DATE: May 29, 2020
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Operating and Capital Budgets
a. Adopt a resolution approving the Town of Los Gatos Fiscal Year (FY) 2020/21 Operating Budget and FY 2020/21 – 2024/25 Capital Improvement Program (CIP), new appropriations, other approved adjustments, minor corrections, and carry-forward appropriations
b. Adopt a resolution approving commitment of fund balances under GASB 54.
c. Confirm the General Fund Reserve Policy, Long term Debt Policy, Investment Policy, and IRS Section 115 Pension Trust and OPEB Trust Investment Policy.

REMARKS:

Attachment 4 contains public comment received before 11:01 a.m. Friday, May 29, 2020.

Attachments previously distributed with the Staff Report:

1. Resolution of the Town Council Approving FY 2020/21 Operating Budget and FY 2020/21 – 2024/25 Capital Improvement Program (with Exhibit A)
2. Resolution of the Town Council of the Town of Los Gatos Approving Commitments of Fund Balance under GASB 54
3. Financial Policies

Attachment distributed with this Addendum:

4. Public Comments received before 11:01 a.m. Friday, May 29, 2020.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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Subject: FW: Equity & Sustainability in Capital Improvement Plans

From: Kira Barsten

Sent: Thursday, May 28, 2020 10:51 AM

To: Joel Paulson <>; Council <Council@losgatosca.gov>; Marina Chislett <>; Matt Morley <>

Subject: Equity & Sustainability in Capital Improvement Plans

Hello,

I would like to share the following resource and recommend that the Town consider adopting equity and sustainability as prioritization categories for capital improvement plans:

<https://lawrenceks.civicweb.net/document/31696/CIP%20Prioritization%20Guidelines%20Revised.pdf?handle=28289441CE9645A6AB0F8B95AEC6AFDF>

I believe that Eugene, OR; Boise, ID; and Ann Arbor, MI have similar policies. When we're spending such large amounts of money, shouldn't we be actively working to ensure that these projects achieve our sustainability and community goals as well? I hope you'll take this into consideration moving forward.

Thank you.

Best,
Kira Barsten
Los Gatos Resident

Subject: FW: Agenda Item #7 - Council Meeting of June 2, 2020

From: Phil Koen

Sent: Friday, May 29, 2020 7:34 AM

To: Marcia Jensen <MJensen@losgatosca.gov>; BSpector <BSpector@losgatosca.gov>; Marico Sayoc <MSayoc@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>

Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Jak Van Nada; Rick Van Hoesen; Lee Fagot; Maria Ristow; Matthew Hudes; Heidi Owens; Rob Stump _____

Subject: Agenda Item #7 - Council Meeting of June 2, 2020

Dear Honorable Mayor,

Please remove agenda item #7 – Operating and Capital Budgets from the consent calendar. We will be submitting a memo over the weekend which discusses specific concerns we have with the FY 21 proposed operating and capital budget. We would respectfully ask the Council take our comments under serious consideration.

We, as well as many other members of the public, were under the impression that the Council would use the June 2 meeting to further discuss and deliberate the fiscal soundness of the proposed budget prior to formal adoption. By placing this on the consent calendar, this would not occur. We find this to be an inappropriate use of the consent calendar especially when it involves finalizing the fiscal budget against the highly uncertain economic impact of COVID 19. The very limited process that has been used to involve the public and obtain feedback, including the inability of the Finance Committee to formally review and provide their expert advice is deeply troubling. In total, prior to this coming meeting, the Council will have publicly discussed this 746 page budget for approximately 2 1/2 hours. We believe more discussion and review is warranted.

I am sure you have read about the significant impact COVID 19 has had on the City of Palo Alto's FY 21 financial outlook. They like numerous other cities in the Bay Area are planning for material reductions in revenues. On the other hand, the Town on an adjusted basis is planning on a slight increase in general fund FY 21 revenues from FY 20 estimates. We question whether the proposed budget has been developed with the conservatism that Council Member Spector spoke about during the May 19 meeting. We are also troubled by the lack of any scenarios which would show how the Town would react to a \$3m revenue miss or even more. There is no discussion as to what potential cost savings actions the Town Manager would make in the face of such a revenue decline and potential impact on service levels. We believe these, as well as other important topics, should be discussed by the Council prior to adopting any budget.

As Mayor, it is your responsibility to set the meeting agenda. We are troubled by your decision to place this extremely important document on the consent calendar which as you are fully aware, is usually reserved for the approval of council meeting minutes and other routine items which require no deliberation. Clearly the FY 21 operating and capital budget do not fall into that category.

In reviewing the accompanying Staff report we also noted there have been no changes to the draft budget which was presented for the first time to the public on May 19. We find that surprising especially given the residents input and discussion regarding fire prevention and vegetation management. The Council should explain to the residents why no changes (with the exception being the repurposing of downtown streetscape funds) have been made to this budget, subsequent to the resident input received on May 19.

Lastly, we will not attend the virtual meeting since we will have submitted our thoughts in writing prior to the meeting. You will have the benefit of our thinking in advance and we see no reason to use the limited time for public comment to cover what we have already put in writing.

Thank you.

Los Gatos Community Alliance
Phil Koen

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