
Subject: FW: Some comments on Council Agenda 7
Attachments: 6-2-2020 Comments.pdf

Importance: High

From: Matthew Hudes <matthew@matthewhudes.com>
Sent: Tuesday, June 02, 2020 11:01 AM
To: PublicComment <PublicComment@losgatosca.gov>
Subject: Some comments on Council Agenda 7

Good evening Madam Mayor and Council.

At the last hearing about the capital budget, I raised 2 concerns, which also apply to the full budget before you tonight: **Flexibility** and **Engagement**, and I am troubled that there has been little done to address them in the budget before you.

In addition to passing a responsible budget, we also need to anticipate 2 things: 1) potential revenue shortfalls in the range of 15%-30% and 2) the need to invest in the Town in appropriate ways to enable the Town to not only recover, but to leap forward. Since tonight is focused on the budget, I wish to offer a very specific suggestion about the first one tonight:

Budget – develop alternative budget scenarios in response to possible revenue shortfalls:

1. Adopt the baseline budget pretty much as presented at the next Council meeting, but eliminate any plan for unrealistic revenue growth and eliminate raises and bonuses, as virtually every municipality has done. It is not fair to our excellent Town staff to set the expectation about these things when they might eventually be facing furloughs, layoffs, or salary cuts. This can be done within required timeframe to have a legal budget by July 2.
2. By June 10, [in parallel and during the next 7 days], utilize our experienced Town staff to model 3 scenarios (which are inked to the potential trajectory of the virus): A Rebound, Austerity, and Hardship (Nuclear Winter) scenario each of which contains Revenue Projections and Project Trade-offs that could be selected by the Council, where the numbers foot.
3. By June 17, review the baseline budget and scenarios for soundness of Financial, not Policy with an advisory group—we have a Town Finance Committee, why not use them? Apparently, the last meeting was cancelled and the date of the next one is not shown on the Town website. [The stated charter allows for “6. Special projects as directed by the Town Council, Town Manager, or Finance Director.”]
4. By June 20, [in parallel with the work of the Finance Committee and during the next 10 days], survey Town residents to get their input on potential Trade-Offs, explaining the basic assumptions behind the budget and informing them that scenarios have been developed that could be drawn upon in case of revenue shortfalls or need for extraordinary investment.
5. Ask Town staff, who are very able and experienced, to compile the results and calendar a final review of the budget and scenarios at a Town Council meeting. Provide the report well in advance of the meeting with an overview presentation that residents can more easily appreciate.

Our Town economy (and the worldwide economy) will follow the path of the virus. Today, we don't know which path we will BE ON 9 months from now, but today we know what the paths COULD BE and we can plan the actions we have to take to quickly, flexibly and appropriately adjust as things unfold. The budget is a way to deal with the coming challenges if we add **Flexibility** and **Engagement** with the **Community** and perhaps the Finance Committee can help.