



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/19/2020

ITEM NO: 6

DESK ITEM

DATE: May 18, 2020

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Operating and Capital Budgets

- A. Consider the Town of Los Gatos Proposed Operating and Capital Budget for Fiscal Year (FY) 2020/21
 - 1. Consider the Town of Los Gatos Donation Opportunities: FY 2020/21 List of Town Needs
- B. Consider the Town of Los Gatos Proposed Capital Improvement Program for FY 2020/21 – FY 2024/25
- C. Approve Budget Adjustments for FY 2019/20:
 - 1. Authorize a Total Revenue Decrease Adjustment in the Amount of \$1,699,411 [Decrease Sales Tax by \$618,744, Decrease Transient Occupancy Tax (TOT) by \$974,678, and Decrease Business License Tax by \$105,989] and
 - 2. Authorize an Expenditure Decrease Adjustment in the Amount of \$4,232,500 to Reflect that the Additional Discretionary Payment Toward the Unfunded Pension Liability to CalPERS is Scheduled After July 1, 2020.

REMARKS:

Attachment 4 contains public comment received between 11:01 a.m. Monday, May 18, 2020 and 11:01 a.m. Tuesday, May 19, 2020.

Attachments previously distributed with the Staff Report and Addendum:

- 1. FY 2020/21 Proposed Operating and Capital Budget
- 2. FY 2020/21 – FY 2024/25 Proposed Capital Improvement Program Budget
- 3. Town of Los Gatos Donation Opportunities: FY 2020/21
- 4. Public Comments received before 11:01 a.m. Monday, May 18, 2020.

PREPARED BY: Stephen Conway
Finance Director

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

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SUBJECT: Operating and Capital Budgets

DATE: May 19, 2020

Attachment distributed with this Desk Item:

5. Public Comments received between 11:01 a.m. Monday, May 18, 2020 and 11:01 a.m. Tuesday, May 19, 2020.

From: Terry Duryea
Sent: Monday, May 18, 2020 12:24 PM
To: Marcia Jensen; Rob Rennie; barbara4lg@comcast.net; Marico Sayoc; Laurel Prevetti; Arn Andrews
Cc: Stephen Conway; Gitta Ungvari
Subject: May 19, 2020 Town Council Meeting—Resident Comment Item 6—Proposed 2020-2021 Budget

Honorable Town Council Members

At the January 21, 2020 Town Council meeting, Staff requested Council Members to provide direction on budget assumptions, and specific direction for the preparation of the Town's Fiscal Year 2020/21 Operating and Capital Budgets. I submitted a letter to Council dated Jan 8 requesting the Council ask Staff to follow GFOA recommended best practices in developing the budget. GFOA best practices provide greater transparency than the practices the Town has followed historically.

Because I could not make the meeting, Mr. Rick Tinsley read a summary of this letter during the 3 minute resident comment period. Based on a review of the video of the meeting, multiple Council members endorsed my comments, requesting staff to consider them.

I commend staff as they took a step forward on one of my suggestions—they are now budgeting employee salaries 1 step above the current pay grade rather than at top step.

Unfortunately, the current draft budget doesn't reflect any of the other comments Council encouraged Staff to make.

The largest distortion of the proposed budget is caused by assuming there are no staff vacancies during the fiscal year. Currently there are 9, 8 of which the Town is recruiting to fill. Page D-50 of the budget document indicates the vacancy rate was 9% in 2018-2019 and is estimated to be 13% in 2019-2020. The Town projects it to be 10% in 2020-2021, but the budget does not reflect this. Allowing Staff to continue to hide a "pad" in the budget makes it difficult for Council to hold Staff accountable for their management of Town finances. "Conservative budgeting" is a good practice only so long as it does not prevent transparency.

Historically, the Town has used its budget surplus to fund Capital Improvement, and more recently ADP's for the Town's pension obligations. I encourage the Town to continue to have a "budget pad", but that it be identified and quantified.

There is a second opportunity to improve transparency. The budget document should provide comparative historical information in the same table when presenting the proposed budget and 4 year forecast. This basic presentation allows the reader to evaluate the proposed budget and forecast for reasonableness.

I ask Council to improve the transparency of the Town's financial disclosures. Having a financial transparency section on the Town's website is only effective if the information presented provides transparency.

I will not be making a comment at the Council meeting as I have a conflict with another meeting.

Respectfully submitted,
Terry Duryea

Gitta Ungvari

Subject: Verbal Communications – Non Agenda Item? - Improving Safety of Blossom Hill Road

From: Joanne Justis <>

Sent: Monday, May 18, 2020 12:31 PM

To: PublicComment <PublicComment@losgatosca.gov>

Cc: Marico Sayoc <MSayoc@losgatosca.gov>; Marcia Jensen <MJensen@losgatosca.gov>; Matt Morley <MMorley@losgatosca.gov>

Subject: Verbal Communications – Non Agenda Item? - Improving Safety of Blossom Hill Road

I've reviewed your proposed budget but it is not clear to me if there is an actual line item to pay for the overdue upgrades needed to BH road. I'm aware that Matt is hiring an engineer to reevaluate the matter. However, that takes time and more delay. With that said, here is my communication to the Mayor and Town Council.

XXX

To date the City Offices of Los Gatos and Police Departments, have knowledge of the unnecessary number of traffic accidents that have occurred on Blossom Hill Road by the elementary school and park – over the past decade and presently.

The average speed, amount of traffic, and splitting of a single lane to two lanes where cars pass each other – prior to where the lanes split – are the likely cause. A similar situation was resolved by creating a single lane less than a mile away from Vasona Park – past RJ Fisher School – to the Los Gatos Blvd. intersection as well as the road leading up to Louise Van Meter School and into town.

Residents have brought this matter to your attention over the years – too many times to count – without a solution. We have been told there is a budget issue for making major changes to improve the safety of this road and I'm sure – it's also a political problem. The matter needs to be addressed in the upcoming budget proposal. While lengthy studies need to be performed, accidents will continue to happen and, recently, as you are well aware of – a death occurred in December of 2019 – a man was killed in the pedestrian lane.

The duly elected governing body of the Town of Los Gatos has a "Fiduciary" responsibility to exercise Duty of Care and act in the interest of public safety immediately.

This issue is not going away any time soon. It's time for the Town to make this a priority. We don't need to hash this out any further with study after study, you just need to take action. Your proposed projects – such as the construction of restaurant parklets – in downtown Los Gatos – are NOT what I would call a “critical” project as compared to the safety of the Town's residents.

You have already been sued approximately 13 years ago and still have not improved the safety of this road since then. I ask you WHY? It's just a matter of time when the Town will be sued again for negligence. We elect officials to do what's in the best interest of all of us and in this case, it has not happened.

It's a numbers game, so who will be next to be injured or killed?

I sincerely hope that the council members will finally vote to do what's in the best interest of the Town's residents and improve the safety of Blossom Hill Road this year.

Joanne

Subject: Agenda Item #6

From: Phil Koen <>
Sent: Tuesday, May 19, 2020 10:07 AM
To: Marcia Jensen; Marico Sayoc; BSpector; Rob Rennie
Cc: Laurel Prevetti; jak vannada; Rick Van Hoesen; Rick Tinsley; Ron Dickel; Terry Duryea; Lee Fagot
Subject: Agenda Item #6

Dear Honorable Mayor and Council Members,

There is one other item that you may want to ask Staff for clarification.

Referring to schedule C-27, the FY 20 estimate for Total Operating Expenditure of \$46.3m is really \$39.6m after subtracting the effect of the \$4.8m ADP pension payment and \$1.9m for the debt payment.

If we adjust the FY 21 budget for Total Operating Expenditure of \$49.8m by eliminating the impact of the \$4.2m planned ADP pension payment and the \$1.9m debt payment, the Total Operating Expenditures on a comparable basis to the estimate for FY 20 is \$43.6m.

The question for Staff is why are total operating expenditures in FY 21 increasing by \$4m or 10% over the estimate for FY 20? Why is it prudent in this economic climate to increase operating expenses by 10%?

I think this is a worthy question that should be answered by Staff.

Thank you.

Hil Koen