



MEETING DATE: 6/2/2008

ITEM NO:

16

COUNCIL AGENDA REPORT

DATE: MAY 29, 2008

TO: MAYOR AND TOWN COUNCIL/
CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GREG LARSON, TOWN MANAGER/EXECUTIVE DIRECTOR

SUBJECT: ADOPT RESOLUTIONS APPROVING THE TOWN AND
REDEVELOPMENT AGENCY'S FISCAL YEAR 2008/09 OPERATING
BUDGET, CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS
2008/09-2012/13, CARRY-FORWARD APPROPRIATIONS, AND OTHER
APPROVED ADJUSTMENTS AND MINOR CORRECTIONS

RECOMMENDATION:

1. Adopt resolution approving the FY 2008/09 Operating and Capital Summary Budget and the FY 2008-13 Capital Improvement Program for the Town of Los Gatos, directing staff to incorporate within the final adopted budget any changes related to Council approved meet and confer process or management compensation plan amendments, classification adjustments or minor corrections, carryforward appropriations, changes due to more refined estimates and grant approvals, or additional Town Council direction received by staff upon adoption of the budget.
2. Adopt resolution approving the FY 2008/09 Operating and Capital Summary Budget and the FY 2008-13 Capital Improvement Program for the Redevelopment Agency of Los Gatos, directing staff to incorporate within the final adopted budget any changes related to Council approved meet and confer process or management compensation plan amendments, classification adjustments or minor corrections, carryforward appropriations, changes due to more refined estimates and grant approvals, or additional Town Council direction received by staff upon adoption of the budget.

:
PREPARED BY:

STEPHEN CONWAY

Finance & Administrative Services Director

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Reviewed by: PSJ Assistant Town Manager _____ Town Attorney
_____ Clerk Administrator AC Finance _____ Community Development

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MAYOR AND TOWN COUNCIL

SUBJECT: ADOPT RESOLUTION APPROVING THE 2008/09 OPERATING/CAPITAL
BUDGET

MAY 29, 2008

BACKGROUND:

On May 19, 2008, a public hearing was held on the Town and Redevelopment Agency's Proposed FY 2008/09 Operating & Capital Summary Budget, and Proposed FY 2008-13 Capital Improvement Program (CIP). The Town Council considered both documents and directed staff to bring back the documents for final approval.

Prior to Council consideration of the CIP, the Planning Commission reviewed the CIP as required by State law on April 23, 2008. The Commission determined that the CIP is consistent with the General Plan, and all specific plans.

Staff is not recommending any appropriation modifications to the Proposed Operating and Capital Budget and CIP at this time; however, several items are noted for Council consideration as detailed in the following discussion. Any additional changes or corrections directed by the Town Council upon adoption of the budget can be incorporated into the final authorized budget as provided for in the adopted Budget Resolution.

DISCUSSION:

Budget Issues for Council Consideration

Although no appropriations modifications are necessary at this time, staff would like to note the following issues for Council consideration:

Funding for A Place for Teens

At the May 19, 2008 public hearing, Council concurred with staff's recommendation for a one-time allocation of \$88,000 to support teen services at The Venue, currently operated by A Place for Teens with support from the Recreation Department. This funding will be allocated to and administered by the Recreation Department as an incentive for other matching funds and to ensure continued strengthening of A Place for Teens. The funding agreement will last 3.5 years through the expiration of the current lease (January, 2012). Per Council direction, the agreement will be written without language prohibiting solicitation for further increased operating or capital support during that time. The total contribution from the Town of Los Gatos to A Place for Teens during FY 2008/09 will be \$178,000, consisting of \$78,000 in-kind donation of land and buildings (ongoing annual donation) and \$100,000 cash (\$12,000 Community Grant and \$88,000 one-time grant through the Recreation Department).

Reallocation of Monte Sereno State Park Bond Funds

The FY 2008/09 CIP includes the reallocation of \$100,000 of Monte Sereno State Park Bond funds from the skatepark project to the Plaza Fountain Safety Upgrade project upon concurrence

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BUDGET
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by the City of Monte Sereno. Monte Sereno has not yet provided its concurrence on the recommended reallocation and is scheduled to discuss the request again at its June 17th Council meeting. Staff will apprise the Town Council of the outcome of Monte Sereno's discussion.

Individual Questions from Council

During the staff presentations on the FY 2008/09 Operating and Capital Budgets, individual Council members raised questions regarding a number of matters. Staff will follow-up as needed on these questions and will provide information to Council as appropriate.

State Budget Impacts

As noted in the staff report for the May 19th public hearing, the effects of the State budget deliberations on the Town are not known with certainty at this time. Potential impacts may involve loss of revenue including Community Oriented Policing (COPS) grant funds and Vehicle License Fees, or increased expenditures related to booking fees. Staff expects that budget deliberations may extend well into the summer or early fall. If the State budget includes reductions to Town revenues or increases to Town expenditures, these changes will be incorporated into the FY 2008/09 adopted budget. Staff recommends funding any negative fiscal impacts from the State budget using Revenue Stabilization reserves. This action will provide temporary bridge funding for services until the FY 2009/10 budget year when services can be aligned with ongoing operating revenues.

Encumbered Items Outstanding at June 30, 2008

Town policy calls for unexpended encumbered funds to lapse at the end of the fiscal year. However, Town policy also provides that valid encumbrances open at the end of the fiscal year may be carried forward to the following fiscal year and re-appropriated from the encumbrance reserve dollars set aside upon the close of the prior fiscal year.

Because of the need to reduce expenditures, the majority of encumbrances will be closed out during the year-end process or paid in full by the time of the final fiscal year close-out and will not be carried forward to FY 2008/09. Only on an exception basis through Town Manager's approval are outstanding encumbrances or unspent appropriated balances from the prior year carried forward. These amounts will be reserved in their respective funds at year end under a designated reserve. Capital Project Fund appropriations differ in that encumbrances are carried forward to the following fiscal year until the projects are completed.

Non-Encumbered Items

In addition to the open encumbrances outstanding at year-end, staff is proposing to bring forward remaining current year appropriations for unexpended balances in its grant funded operating projects. Grants provide matching revenues for expenditures and often span two or three fiscal years in their program or project implementation.

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Final Adopted Budget Changes FY 2008/09

The resolution adopting the FY 2008/09 recommended budget directs staff to include changes resulting from Council approval of the meet and confer process or management compensation plan, from classification adjustments or miscellaneous corrections, from changes due to more refined estimates or grant approvals, or from further Town Council consensus direction received on June 2, 2008 that will cause the final published budget to differ slightly from what is presented for adoption. Any other minor adjustments as authorized by Town Council on June 2nd will be incorporated within the final published budget document thereby not requiring a second adoption of the annual budget.

FISCAL IMPACT:

The fiscal impact of the Town and Redevelopment Agency's FY 2008/09 Operating and Capital Budgets is provided in the Financial Summaries section of the budget document including estimates of Fund Reserves at June 30, 2008.

As stated by staff at the public hearing on May 19, 2008, the Town will continue to monitor local economic trends and associated impacts to the Town and RDA's adopted FY 2008/09 budgets. It is currently anticipated that staff will bring forward any further adjustments necessary in the Town's mid-year budget review. These adjustments may include some further actions necessary to align operating revenues with expenditures; however, staff cannot determine at this time whether or not these will be required.

Attachments:

1. Resolution of the Town Council Approving FY 2008/09 Operating Budget and FY 2008-13 Capital Improvement Plan
2. Resolution of the Redevelopment Agency Approving FY 2008/09 Operating Budget and FY 2008-13 Capital Improvement Plan

RESOLUTION 2008-

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS
APPROVING FY 2008/09 OPERATING BUDGET & FY's 2008/09 - 2012/13 CAPITAL BUDGET
AND CARRY-FORWARD APPROPRIATIONS AND OTHER APPROVED ADJUSTMENTS
RELATING TO MEET AND CONFER PROCESS, MANAGEMENT COMPENSATION PLAN,
CLASSIFICATION ADJUSTMENTS, MINOR CORRECTIONS, AND REFINED ESTIMATES**

WHEREAS, Section 2.30.295(b) of the Los Gatos Town Code requires the Town Manager to annually prepare and submit a budget to the Town Council and be responsible for its administration; and

WHEREAS, the Town Manager did submit a proposed budget for the 2008/09 to the Town Council; and

WHEREAS, the Town Manager did submit a proposed five-year capital improvement plan for FY's 2008/09 – 2012/13; and

WHEREAS, the Town Council has considered and reviewed said proposed budget and capital improvement plan during public hearings.

RESOLVED, that the Town Council hereby adopts as the budget for the Town of Los Gatos for the 2008/09 fiscal year the schedule entitled Total Town Revenues By Fund and Total Town Expenditures By Fund including the first year (FY 2008/09) of the Town's Capital Improvement Program budget as contained in the Town's FY's 2008/09 – 2012/13 Capital Improvement Plan.

BE IT FURTHER RESOLVED, that the final adopted budget includes approved carry-forward appropriations for unspent operating grants and pass-throughs from FY 2007/08, and that there be carried forward from prior year's Reserve for Encumbrances within each fund an amount sufficient to cover approved outstanding encumbrances as of June 30, 2008;

BE IT FURTHER RESOLVED, that the Town Council hereby directs staff that any changes or impacts resulting from: Council approval of the meet and confer process or management compensation plan; from classification adjustments or miscellaneous corrections; from changes due to more refined estimates of state budget impacts or grant approvals; or from further Town Council

consensus direction received on June 2, 2008, be incorporated within the final FY 2008/09 Operating and Capital Budget.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 2nd day of June, 2008 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

ATTEST:

CLERK OF THE TOWN OF LOS GATOS

LOS GATOS, CALIFORNIA

RESOLUTION 2008-

RESOLUTION OF THE REDEVELOPMENT AGENCY CONSENTING TO THE PROVISION OF PUBLIC IMPROVEMENTS BY THE LOS GATOS REDEVELOPMENT AGENCY AND MAKING MANDATORY FINDINGS IN REGARDS TO CAPITAL PROJECTS PROVIDED FOR IN THE LOS GATOS REDEVELOPMENT AGENCY FY 2008/09 OPERATING AND FY's 2008/09 - 2012/13 CAPITAL IMPROVEMENT PLAN

WHEREAS, Section 33445 of the Health and Safety Code requires the local legislative body to consent to the provision of public improvements by its Redevelopment Agency and make findings: 1) that the public improvements are of benefit to the project area or the immediate neighborhood of the project area; 2) that no other reasonable means of financing such public improvements are available to the community, and; 3) that the Agency's contribution to the cost of the public improvement or facility will assist in eliminating one or more blighting conditions in the project area, and is consistent with the Agency's implementation plan adopted pursuant to Section 33490 of the Health and Safety Code, (the Implementation Plan) and

WHEREAS, the Redevelopment Agency's FY 2008/09 - 2012/13 Capital Budget provides funding for the following projects (the Projects 1) Police Services Building ; 2) University Avenue from Mullen to Main Street; 3) S. Santa Cruz/Wood Gateway and

WHEREAS, the Projects will be of substantial benefit to the downtown business district and surrounding areas of the Central Los Gatos Redevelopment Project Area (the Project Area) established pursuant to the 1991 Redevelopment Plan (the Revelopment Plan) and

WHEREAS, the Town has limited financial resources for capital improvements and these funds are committed to other critical infrastructure needs of the Town such as repairing aging streets outside of the Project Area;

WHEREAS, the Projects have been specifically called for in the Town's Redevelopment Plan and Implementation Plan; and

WHEREAS, the Downtown infrastructure was initially in a deteriorated condition with broken pavement, deteriorated streets and alleys, deteriorated sidewalks, and functionally obsolescent, and the capital projects have helped, and continue to help, eliminate these blighting conditions;

THEREFORE BE IT RESOLVED, that the Town Council of the TOWN OF LOS GATOS does hereby consent to the provision of funding for the Capital Projects by the Los Gatos Redevelopment Agency in accordance with the Agency's FY 2008/09 Operating and FY 2008/09 - 2012/13 Capital Improvement Program budgets totaling adopted revenues of \$9,826,480 expenditures of \$8,717,180 (prior to carry-forward appropriations); and

BE IT FURTHER RESOLVED, that the Agency Board hereby finds that the Projects are of benefit to the Project Area and the immediate neighborhood of the Project Area; and

BE IT FURTHER RESOLVED, that the Agency Board hereby finds that no other reasonable means of financing such public improvements are available to the community; and

BE IT FURTHER RESOLVED, that the Agency Board hereby finds that the Los Gatos Redevelopment Agency's contribution to the cost of the public improvements will assist in eliminating blighting conditions in the Project Area, and is consistent with the Implementation Plan.

BE IT FURTHER RESOLVED, that the Agency Board hereby directs staff that any changes or impacts resulting from: Council approval of the meet and confer process or management compensation plan; from classification adjustments or miscellaneous corrections; from changes due to more refined estimates, state budgets, or grant approvals; or from further Agency Board consensus direction received June 2, 2008, be incorporated within the final FY 2008/09 Operating and Capital Budget.

PASSED AND ADOPTED at a regular meeting of the Redevelopment Agency of the Town of Los Gatos held the 2nd day of June, 2008, by the following vote:

REDEVELOPMENT AGENCY MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

CHAIR OF THE REDEVELOPMENT AGENCY
TOWN OF LOS GATOS, CALIFORNIA

ATTEST:

SECRETARY OF THE REDEVELOPMENT AGENCY
TOWN OF LOS GATOS, CALIFORNIA