



**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
MARCH 14, 2022
TELECONFERENCE
5:00 P.M.**

*Ron Dickel, Chair
Kyle Park, Vice Chair
Stacey Dell, Commissioner
Loreen Huddleston, Commissioner
Rick Tinsley, Commissioner
Rob Rennie, Mayor
Matthew Hudes, Council Member*

IMPORTANT NOTICE

This meeting is being conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.). Consistent with AB 361 and Town of Los Gatos Resolution 2021-044, this meeting will not be physically open to the public and the Commission will be teleconferencing from remote locations. Members of the public can only participate in the meeting by joining the Zoom webinar (log in information provided below).

PARTICIPATION

To provide oral comments in real-time during the meeting:

- **Zoom webinar:** Join from a PC, Mac, iPad, iPhone or Android device: Please click this URL to join: <https://losgatosca.gov.zoom.us/j/81425342426?pwd=a2tJTG9CeXJZTGdUVDB4czVkS2Yvdz09>
Passcode: 162552. You can also type in 814 2534 2426 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
- **Join by telephone:** Join by Telephone: Dial: USA 877 336 1839 US Toll-free or 636-651-0002 US Toll. Conference code: 986172

When the Chair announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand. If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

When called to speak, you will be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Chair may decide, consistent with the time limit for speakers at a Council meeting. If you wish to speak to an item or items on the Consent Calendar, please state which item number(s) you are commenting on at the beginning of your time.

If you are unable to participate in real-time, you may email to PublicComment@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment) or “Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting will be reviewed and distributed before the meeting. All comments received will become part of the record.

**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
MARCH 14, 2022
TELECONFERENCE
5:00 P.M.**

RULES OF DECORUM AND CIVILITY

To conduct the business of the community in an effective and efficient manner, please follow the meeting guidelines set forth in the Town Code and State law.

The Town does not tolerate disruptive conduct, which includes but is not limited to:

- addressing the Planning Commission without first being recognized;
- interrupting speakers, Planning Commissioners, or Town staff;
- continuing to speak after the allotted time has expired;
- failing to relinquish the microphone when directed to do so;
- repetitiously addressing the same subject.

Town Policy does not allow speakers to cede their commenting time to another speaker. Disruption of the meeting may result in a violation of Penal Code Section 403.

REMOTE LOCATION PARTICIPANTS *The following Commission Members are listed to permit them to appear electronically or telephonically at the Finance Commission meeting: CHAIR RON DICKEL, VICE CHAIR KYLE PARK, COMMISSIONER STACEY DELL, COMMISSIONER LOREEN HUDDLESTON, COMMISSIONER RICK TINSLEY, MAYOR ROB RENNIE, AND COUNCIL MEMBER MATTHEW HUDES. All votes during the teleconferencing session will be conducted by roll call vote.*

MEETING CALL TO ORDER

ROLL CALL

CONSENT ITEMS *(Items appearing on the Consent Items are considered routine Town business and may be approved by one motion. Any member of the Commission may request to have an item removed from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Chair asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions contained on Page 1 of this agenda. If an item is removed, the Chair has the sole discretion to determine when the item will be heard.)*

1. Approve Draft Minutes of the February 14, 2022 Finance Commission Meeting.
2. Receive CEPPT 115 Trust Update.
3. Receive CERBT 115 Trust Update.
4. Receive CalPERS PERF Performance Report.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda, pursuant to the Participation Instructions on Page 1 of this agenda. To ensure all agenda items are heard and unless additional time is authorized by the Chair, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items, pursuant to the Participation Instructions contained on Page 1 of this agenda.)*

- [5.](#) Receive preliminary Fiscal Year 2022/23 – 2026/27 Five Year Capital Improvement Program Information.
- [6.](#) Discussion of Key Performance Indicators (KPIs).
- [7.](#) Receive Information and Discuss Prior Internal Service Fund Deliberations/Actions.
- [8.](#) Receive Report on the Disposition/Lease of Town Owned Properties.
- [9.](#) Receive a Verbal Update on Business License Modernization and Cannabis Consultants' Onboarding.
- [10.](#) Review Commission Schedule and Adopt Changes to Conform with the Town Budget Process.

ADJOURNMENT

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]



**TOWN OF LOS GATOS
FINANCE COMMISSION
AGENDA REPORT**

MEETING DATE: 3/14/2022

ITEM NO: 1

Item 1.

**DRAFT
Minutes of the Finance Commission Meeting
February 14, 2022**

The Finance Commission of the Town of Los Gatos conducted a regular meeting utilizing teleconference and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.) and Town of Los Gatos Resolution 2021-044 on Monday, February 14, 2022, at 5:00 p.m.

MEETING CALLED TO ORDER AT 5:03 P.M.

ROLL CALL

Present: Chair Ron Dickel, Vice Chair Kyle Park (joined 5:10 p.m.), Commissioner Stacey Dell, Commissioner Loreen Huddleston (left 6:15 p.m.), Commissioner Rick Tinsley, Mayor Rob Rennie, and Council Member Matthew Hudes. (All participating remotely.)

Staff Present: Town Manager Laurel Prevetti, Assistant Town Manager Arn Andrews, Finance Director Stephen Conway, Human Resources Director Lisa Velasco, and Finance and Budget Manager Gitta Ungvari.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve Draft Minutes of the January 10, 2022 Finance Commission Meeting.
2. Receive the Second Quarter Investment Report (October through December 2021) for Fiscal Year 2021/22.
3. Approve the Revised 2022 Commission Workplan.

MOTION: Motion by Commissioner Tinsley to approve the consent items. **Seconded** by Commissioner Huddleston.

VOTE: Motion passed 4-0. Vice Chair Park is absent.

VERBAL COMMUNICATIONS

None.

PAGE 2 OF 3

SUBJECT: Draft Minutes of the Finance Commission Meeting of February 14, 2022

DATE: February 15, 2022

OTHER BUSINESS

4. Provide Input on the Desired Attributes of the Next Finance Director.

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

Lee Fagot

- Made a humorous comment.

Closed Public Comment.

Commissioners discussed the item.

5. Receive American Rescue Plan Act and Infrastructure Investment and Jobs Act Updates.

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

None.

Closed Public Comment.

Commissioners discussed the item.

6. Review and Provide Comments to the Town Council Regarding Mid-Year Budget Report.

Stephen Conway and Gitta Ungvari presented the staff report.

Staff addressed Commissioners questions.

Opened Public Comment.

None.

Closed Public Comment.

Commissioners discussed the item.

SUBJECT: Draft Minutes of the Finance Commission Meeting of February 14, 2022

DATE: February 15, 2022

7. Review and Provide Comments to the Town Council Regarding the Five-Year Forecast (FY 2022/23 – 2026/27) and Scenarios.

Arn Andrews, Assistant Town Manager presented the staff report.

Opened Public Comment.

None.

Closed Public Comment.

Commissioners discussed the item.

8. Discuss Topics for Future Commission Agendas.

The Chair reminded Commissioners that additional items can be added to the draft workplan.

ADJOURNMENT:

The meeting adjourned at 6:46p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the February 14, 2022 meeting as approved by the Finance Commission.

Gitta Ungvari, Finance and Budget Manager



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 2

Item 2.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CEPPT 115 Trust Update

RECOMMENDATION:

Receive CEPPT 115 Trust update.

DISCUSSION:

Attachment 1 contains staff report provided to the Town Pension and OPEB Oversight Committee on March 1, 2022.

Attachments:

1. CEPPT

PREPARED BY: Arn Andrews
Assistant Town Manager

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



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 03/01/2022

ITEM NO: 3

Item 2.

DATE: February 21, 2022
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Town of Los Gatos IRS Section 115 Pension Trust Statement

RECOMMENDATION:

Receive on the Town of Los Gatos IRS Section 115 Pension Trust statement.

BACKGROUND:

On November 5, 2019, the Town Council authorized the Town Manager to enter into an agreement with CalPERS for participation in the CEPPT program.

The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. On March 3, 2020, the Town Pension and OPEB Trusts Oversight Committee adopted CEPPT Strategy 2 as the asset allocation for the Town's Section 115 Trust pension assets.

DISCUSSION:

On April 14, 2021, the remaining CEPPT balance of approximately \$700,000 was liquidated for inclusion in a \$2,050,942 additional discretionary payment toward the June 30, 2013 gain/loss amortization base. The CEPPT account remains open with no assets at no cost.

Attachments:

1. CEPPT Account Update Summary

PREPARED BY: Arn Andrews
Assistant Town Manager

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

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CEPPT Account Update Summary

Town of Los Gatos

as of December 31, 2021



CEPPT Account Summary

As of December 31, 2021	Strategy 1	Strategy 2	Total
Initial contribution (05/18/2020)	\$0	\$268,000	\$268,000
Additional contributions	\$0	\$393,400	\$393,400
Disbursements	\$0	(\$706,988)	(\$706,988)
CEPPT expenses	\$0	(\$1,300)	(\$1,300)
Investment earnings	\$0	\$46,888	\$46,888
Total assets (05/18/2020-12/31/2021 = 1.62 years)	\$0	\$0	\$0

CEPPT/CERBT Investment Returns Outperform Benchmarks

Periods ended November 30, 2021

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,257,799,070	-1.84%	-1.29%	1.42%	14.35%	13.45%	10.99%	9.26%	6.20%
Benchmark		-1.87%	-1.34%	1.34%	14.14%	13.17%	10.65%	8.92%	5.79%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,934,821,232	-1.30%	-0.94%	1.52%	10.63%	12.03%	9.46%	7.90%	8.24%
Benchmark		-1.32%	-0.97%	1.46%	10.45%	11.82%	9.14%	7.57%	7.95%
CERBT Strategy 3 (Inception January 1, 2012)	\$851,347,899	-0.79%	-0.45%	1.84%	8.10%	10.54%	7.86%	-	6.51%
Benchmark		-0.80%	-0.47%	1.81%	7.98%	10.37%	7.61%	-	6.21%
CERBT Total	\$17,043,968,201								
CEPPT Strategy 1 (Inception October 1, 2019)	\$43,108,251	-1.07%	-1.16%	0.98%	9.28%	-	-	-	10.17%
Benchmark		-1.10%	-1.22%	0.93%	9.16%	-	-	-	10.15%
CEPPT Strategy 2 (Inception January 1, 2020)	\$21,181,911	-0.31%	-0.83%	0.79%	4.02%	-	-	-	6.01%
Benchmark		-0.32%	-0.85%	0.77%	3.86%	-	-	-	5.86%
CEPPT Total	\$64,290,162								

CEPPT Expected Rates of Return & Risk

Portfolios	CEPPT Strategy 1	CEPPT Strategy 2
Expected Return	5.0%	4.0%
Risk	8.2%	5.2%

CEPPT Portfolio Details

Asset Classification	Benchmark	CEPPT Strategy 1	CEPPT Strategy 2
Global Equity	MSCI All Country World Index	40% ±5%	14% ±5%
Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index	47% ±5%	73% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2011	12.00 basis points	-
2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points

606 Prefunding Program Employers

591 CERBT and 58 CEPPT

- State of California
- 154 Cities or Towns
- 10 Counties
- 79 School Employers
- 31 Courts
- 331 Special Districts and other Public Agencies
 - (100 Water, 36 Sanitation, 33 Fire, 25 Transportation)

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
Vic Anderson	Outreach & Support Manager	Victor.Anderson@calpers.ca.gov	(916) 795-3739	(916) 281-8214
Jasper Jacobs	Outreach & Support Analyst	Jasper.Jacobs@calpers.ca.gov	(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 3

Item 3.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CERBT 115 Trust Update

RECOMMENDATION:

Receive CERBT 115 Trust update.

DISCUSSION:

Attachment 1 contains staff report provided to the Town Pension and OPEB Oversight Committee on March 1, 2022.

Attachments:

1. CERBT

PREPARED BY: Arn Andrews
Assistant Town Manager

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



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 03/01/2022

ITEM NO: 4

Item 3.

DATE: February 21, 2022
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CERBT Strategy 1 Performance Summary Report for the Period Ending January 31, 2022, and Market Value Summary Report for the Period Ending December 31, 2022

RECOMMENDATION:

Receive CERBT Strategy 1 Performance Summary Report (Attachment 1) for the period ending January 31, 2022, and Market Value Summary Report (Attachment 2) for the period ending December 31, 2021.

BACKGROUND:

In 2009, the Council approved participating in the California Employer's Retiree Benefit Trust (CERBT) Fund. The CERBT Fund is an IRS Section 115 trust fund dedicated to the prefunding of other post-employment benefits ("OPEB"). The CERBT Strategy 1 is the single investment vehicle for the Town's OPEB Plan ("OPEB Plan").

DISCUSSION:

As of January 31, 2021, the CERBT Strategy 1 fund had a net return of -2.19% for the quarter. The ending OPEB 115 Trust account balance as of December 31, 2021, was \$27,388,182 compared to \$26,121,803 as of September 30, 2021.

Attachments:

1. CERBT Strategy 1 Performance Summary
2. OPEB 115 Trust Market Value Summary

PREPARED BY: Arn Andrews
Assistant Town Manager

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

CERBT Strategy 3

January 31, 2022



Objective

The CERBT Strategy 3 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CERBT Strategy 3 portfolio is invested in various asset classes. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 1 and Strategy 2, this portfolio has a lower allocation to equities than bonds and other assets. Historically, funds with a lower percentage of equities have displayed less price volatility and, therefore, this portfolio may experience comparatively less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investment returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CERBT Strategy 3	Annual Operating Ratio
\$854,080,466	0.10%

Composition

Asset Class Allocations and Benchmarks

The CERBT Strategy 3 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Target Allocation ¹	Target Range	Benchmark
Global Equity	22%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	49%	± 5%	Bloomberg Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	16%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	8%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Commodities	5%	± 3%	S&P GSCI Total Return Index
Cash	-	+ 2%	91-Day Treasury Bill

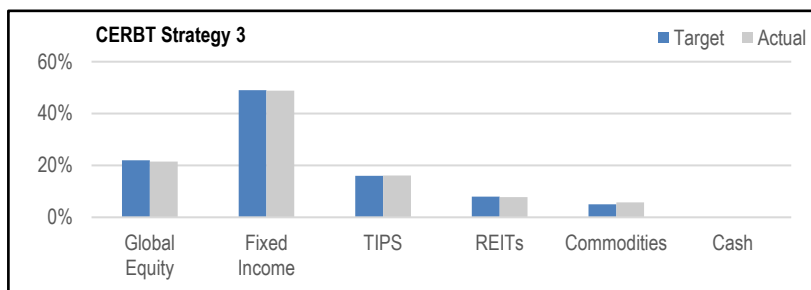
¹ Allocations were approved by the Board at the May 2018 Investment Committee meeting.

Portfolio Benchmark

The CERBT Strategy 3 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation to a particular asset class based on market, economic, or other considerations.



CERBT Strategy 3 Performance as of January 31, 2022

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2012)
Gross Return ^{1,3}	-2.91%	-2.17%	0.41%	5.21%	8.94%	7.12%	5.98%	6.24%
Net Return ^{2,3}	-2.92%	-2.19%	0.36%	5.12%	8.84%	7.03%	5.87%	6.14%
Benchmark Returns	-2.94%	-2.18%	0.39%	5.14%	8.79%	6.89%	5.66%	5.95%
Standard Deviation ⁴	-	-	-	-	7.35%	6.46%	5.91%	5.94%

* Returns for periods greater than one year are annualized.

¹ Gross returns are net of SSGA operating expenses.

² Net returns are net of SSGA operating expenses, investment management, administrative and recordkeeping fees.

³ Expenses are described in more detail on page 2 of this document.

⁴ Standard deviation is based on gross returns and is reported for periods greater than 3 years.

CERBT Strategy 3



January 31, 2022

General Information

Information Accessibility

The CERBT Strategy 3 portfolio consists of assets managed internally by CalPERS and/or by external advisors. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published.

CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, please visit our website at: www.calpers.ca.gov.

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CERBT investment strategy based on policies approved by the Board of Administration. State Street Global Advisors (SSGA) manages all underlying investments for CERBT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, Treasury Inflation-Protected Securities, and Commodities.¹

Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as recordkeeper.

Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater the reduction of investment return. Currently, CERBT expenses are 0.10% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to SSGA to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CERBT Strategy 3 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits (OPEB). CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations. Further, CalPERS will not make up the difference between an employer's CERBT assets and the actual cost of OPEB provided to an employer's plan members.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at www.calpers.ca.gov.

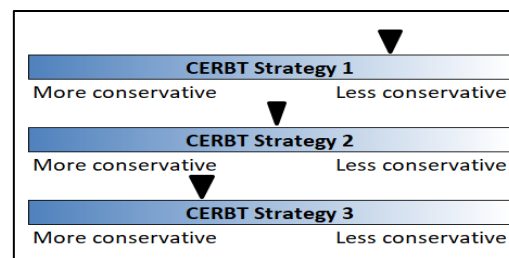
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit www.calpers.ca.gov and follow the links to California Employers' Retiree Benefit Trust.

CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Projected risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations ¹	Strategy 1	Strategy 2	Strategy 3
Global Equity	59%	40%	22%
Fixed Income	25%	43%	49%
Treasury Inflation-Protected Securities	5%	5%	16%
Real Estate Investment Trusts	8%	8%	8%
Commodities	3%	4%	5%



¹ Since June 2018 SSGA has passively managed all CERBT asset classes. Previously Fixed Income, TIPS and Commodity asset classes were managed internally by CalPERS.

Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$26,121,802.67	\$26,234,530.84
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	1,272,147.83	1,165,122.82
Administrative Expenses	(3,331.98)	(6,626.40)
Investment Expense	(2,436.16)	(4,844.90)
Other	0.00	0.00
Ending Balance	\$27,388,182.36	\$27,388,182.36
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$27,388,182.36	\$27,388,182.36

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	1,180,781.789	1,180,781.789
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	1,180,781.789	1,180,781.789
Period Beginning Unit Value	22.122464	22.217933
Period Ending Unit Value	23.194957	23.194957

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 12/31/2021

Town of Los Gatos

Entity #: SKB0-4589482285



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 4

Item 4.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CalPERS PERF Performance Report

RECOMMENDATION:

Receive CalPERS PERF performance report.

DISCUSSION:

Attachment 1 contains staff report provided to the Town Pension and OPEB Oversight Committee on March 1, 2022.

Attachments:

1. PERF Performance Report

PREPARED BY: Arn Andrews
Assistant Town Manager

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



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 03/01/2022

ITEM NO: 2

Item 4.

DATE: February 21, 2022
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive CalPERS PERF Performance Report as December 31, 2021

RECOMMENDATION:

Receive CalPERS PERF Performance Report as December 31, 2021.

DISCUSSION:

Attachment 1 contains the CalPERS PERF Performance Report as of December 31, 2021. Fiscal Year to date (FYTD) the fund has a net return of 5.9%.

Attachments:

1. PERF Performance as of December 31, 2021

PREPARED BY: Arn Andrews
Assistant Town Manager

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

CalPERS Trust Level Review

Investment Committee
February 15, 2022

Performance – Key Figures (as of December 31, 2021)



9.7%

PERF 10-yr
absolute return



+10 bps

PERF 5-yr
excess return



Returns of Affiliate
Investment Program
funds across all time
periods were in-line with
their respective asset
allocations and reflect
varying risk levels

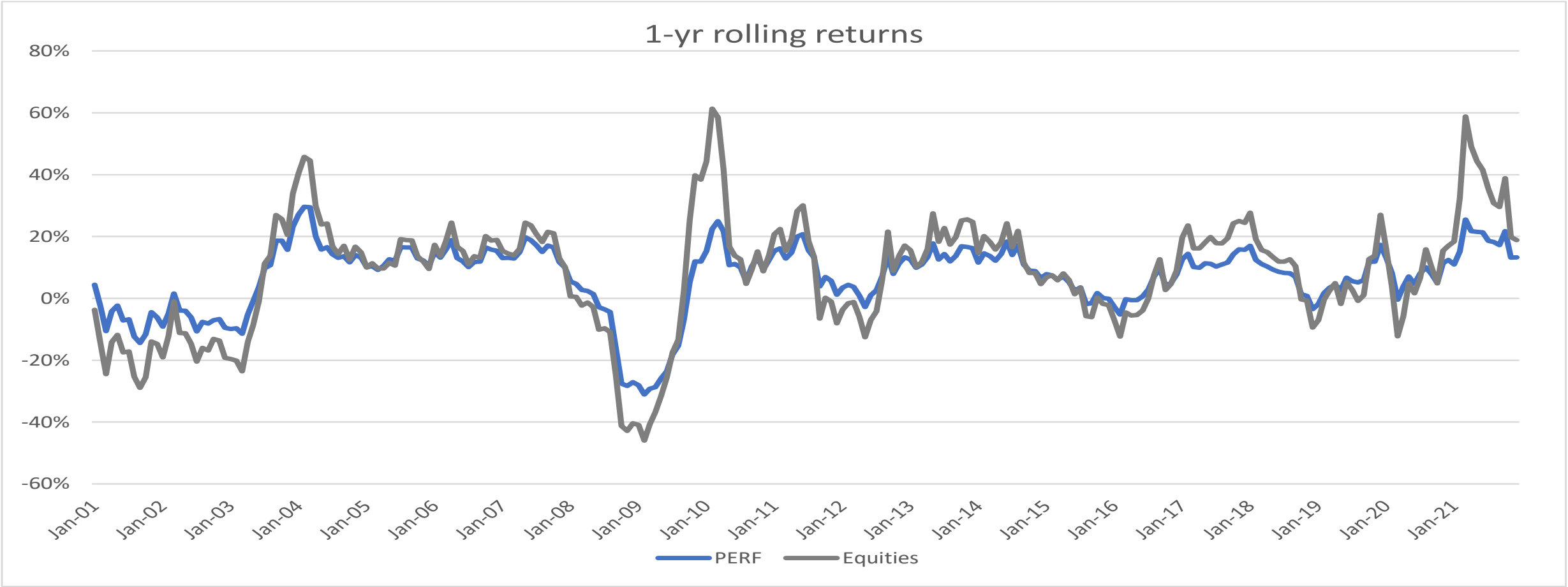
Performance Summary (as of December 31, 2021)

Funds Managed	Ending Asset Value (MM)	20-Yr		10-Yr		5-Yr		3-Yr		1-Yr		FYTD	
		Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps
Public Employees' Retirement Fund	500,712	7.3%	(41)	9.7%	1	10.8%	10	14.3%	39	13.3%	120	5.9%	104
CalPERS Health Care Bond Fund	519	3.9%	7	3.2%	35	3.6%	2	4.8%	(1)	-1.6%	(7)	0.0%	(4)
CEPPT Strategy 1	51	-	-	-	-	-	-	-	-	8.6%	(1)	3.0%	(0)
CEPPT Strategy 2	22	-	-	-	-	-	-	-	-	3.6%	5	1.6%	(4)
CERBT Strategy 1	14,784	-	-	9.5%	32	11.2%	29	16.2%	21	13.7%	13	4.4%	5
CERBT Strategy 2	2,010	-	-	8.1%	30	9.6%	25	13.7%	14	10.1%	9	3.7%	2
CERBT Strategy 3	880	-	-	6.6%	27	7.9%	20	11.5%	11	7.7%	3	3.4%	(2)
Judges' Retirement Fund	57	1.4%	11	0.7%	6	1.2%	8	1.0%	2	0.1%	4	0.0%	1
Judges' Retirement System II Fund	2,523	7.1%	7	9.3%	28	10.8%	29	15.4%	27	12.3%	19	4.2%	5
Legislators' Retirement System Fund	123	6.3%	2	6.8%	31	8.0%	20	11.5%	14	7.7%	6	3.4%	(1)
Long-Term Care Fund	5,623	5.5%	11	5.8%	18	7.2%	9	10.7%	5	7.9%	45	3.3%	3
Terminated Agency Pool	229	-	-	-	-	6.7%	-	10.2%	-	3.3%	-	4.8%	-

PERF Performance Summary (as of December 31, 2021)

Performance Summary	Ending Asset Value (bil)	Current Allocation (%)	Policy Target Weight (%)	20-Yr Net Return	20-Yr Excess bps	10-Yr Net Return	10-Yr Excess bps	5-Yr Net Return	5-Yr Excess bps	3-Yr Net Return	3-Yr Excess bps	1-Yr Net Return	1-Yr Excess bps	FYTD Net Return	FYTD Excess bps
Public Equity	\$ 246.7	49.3%	50.0%	8.0%	(13)	12.1%	12	13.7%	(7)	19.0%	14	17.9%	26	5.7%	3
Cap Wtd.	\$ 171.6	34.3%	35.0%	8.2%	(13)	12.6%	12	14.7%	(7)	21.0%	14	19.1%	32	5.3%	3
Factor Wtd.	\$ 75.1	15.0%	15.0%	-	-	-	-	-	-	13.7%	5	14.7%	12	6.6%	3
Private Equity	\$ 49.0	9.8%	8.0%	11.4%	(14)	13.9%	(220)	16.5%	55	17.3%	267	39.3%	792	16.7%	979
Income	\$ 141.5	28.3%	28.0%	6.2%	60	4.4%	69	5.5%	42	7.5%	37	(1.4%)	15	1.3%	2
Long Spread	\$ 72.6	14.5%	15.0%	-	-	-	-	-	-	7.0%	67	(0.6%)	28	0.4%	8
Long Treasury	\$ 46.4	9.3%	10.0%	-	-	3.6%	(4)	5.2%	(6)	7.2%	(14)	(4.1%)	0	2.5%	(0)
Total Fund Income	\$ 7.5	1.5%	-	-	-	-	-	-	-	-	-	(4.3%)	(19)	2.1%	(38)
High Yield	\$ 15.0	3.0%	3.0%	-	-	-	-	-	-	8.2%	14	4.6%	8	1.7%	(1)
Real Assets	\$ 55.1	11.0%	13.0%	5.8%	(262)	9.0%	53	6.8%	44	7.1%	116	15.8%	242	11.5%	134
Total Fund	\$ 19.6	3.9%	-												
Opportunistic	\$ 5.0	1.0%	-	-	-	-	-	-	-	-	-	15.2%	820	4.9%	141
LLER	\$ 7.6	1.5%	-	-	-	-	-	2.8%	192	2.8%	214	1.8%	174	0.7%	68
Other	\$ 7.0	1.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing & Liquidity	\$ (11.2)	-2.2%	-												
Trust Level Financing	\$ (22.8)	-4.6%	-	-	-	-	-	-	-	-	-	(0.1%)	-	(0.1%)	-
Liquidity	\$ 11.6	2.3%	1.0%	1.8%	5	0.9%	(1)	1.3%	28	1.0%	21	0.1%	5	0.1%	3
Total PERF	\$ 500.7	100.0%	100.0%	7.3%	(41)	9.7%	1	10.8%	10	14.3%	39	13.3%	120	5.9%	104

PERF Returns Closely Tied to Equity Markets



PERF Risk – Key Figures (as of January 4, 2022)



98%

Contribution to
PERF Volatility from
Assets Sensitive to
Economic Growth*



19 bps

Total Fund
Actionable
Tracking Error



2.4x

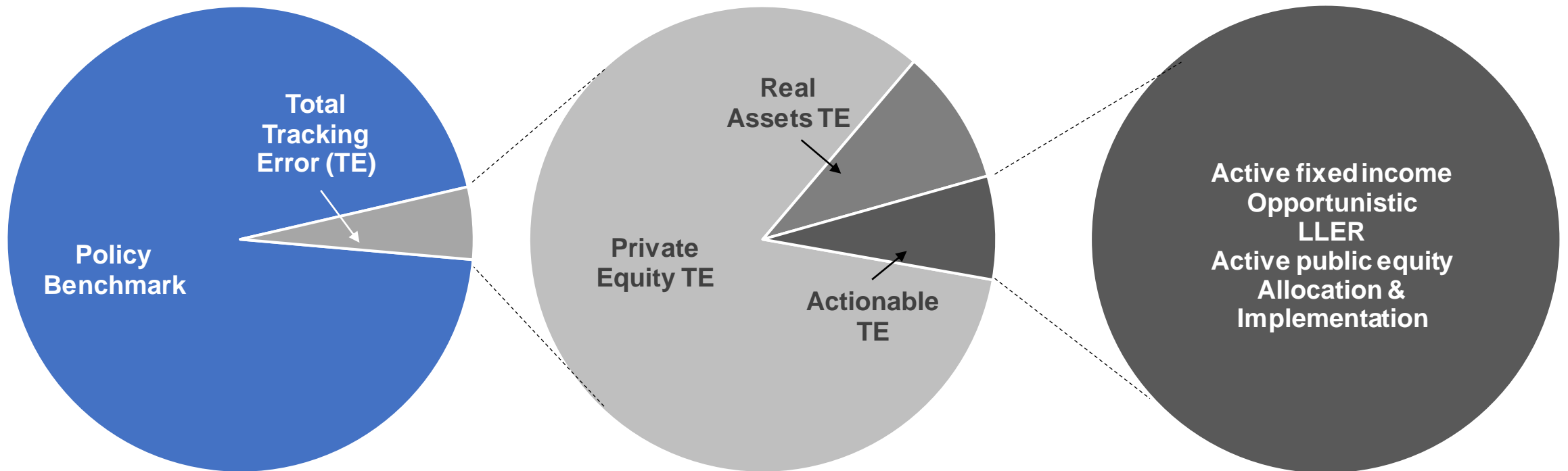
Liquidity
Coverage Ratio
for 30-Day Stress
Scenario

PERF Tracking Error in Total Fund Context (as of January 4, 2022)

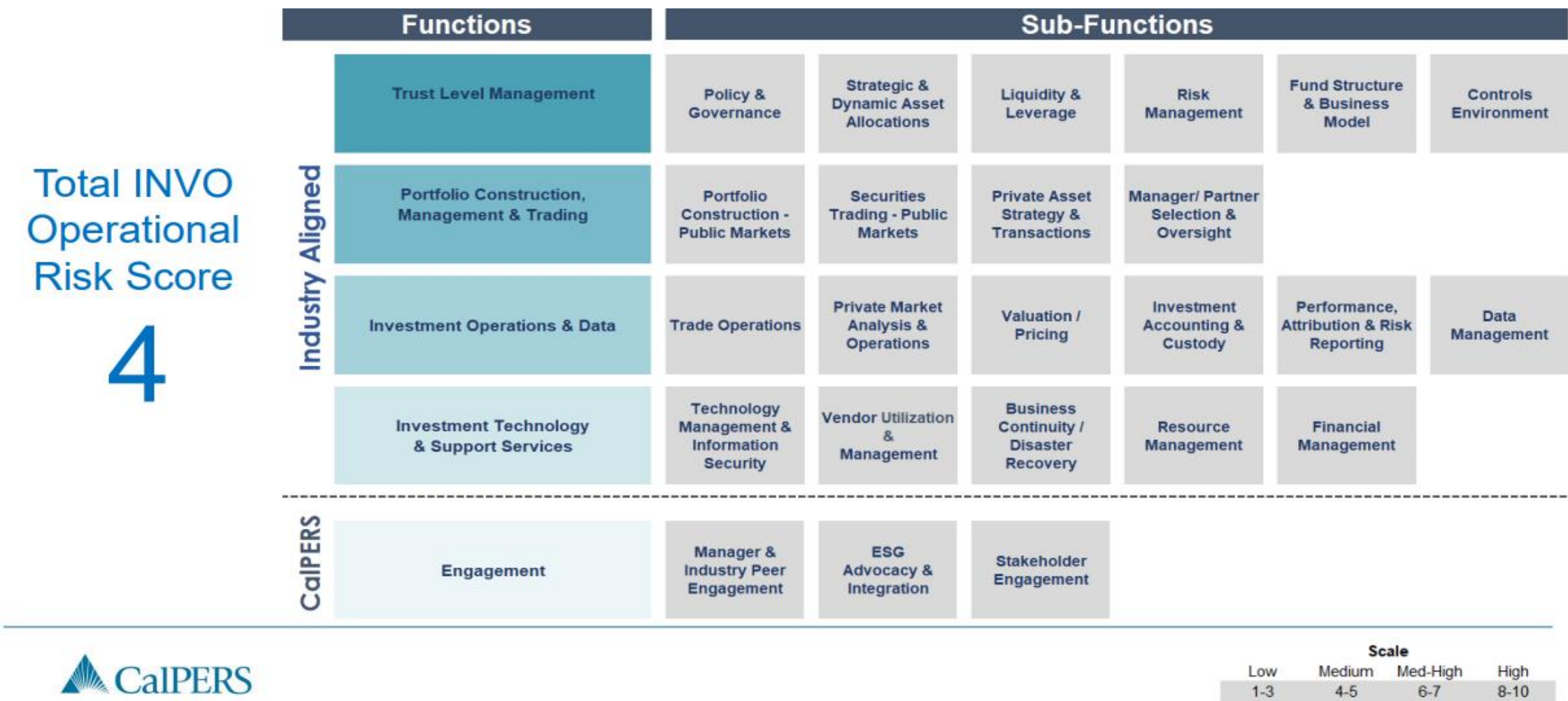
Total Volatility = 10.6%

Total Tracking Error = 139 bps

Actionable Tracking Error = 19 bps



Investment Office Operating Model



Economic Update | Review

Excess demand in activity as it normalizes

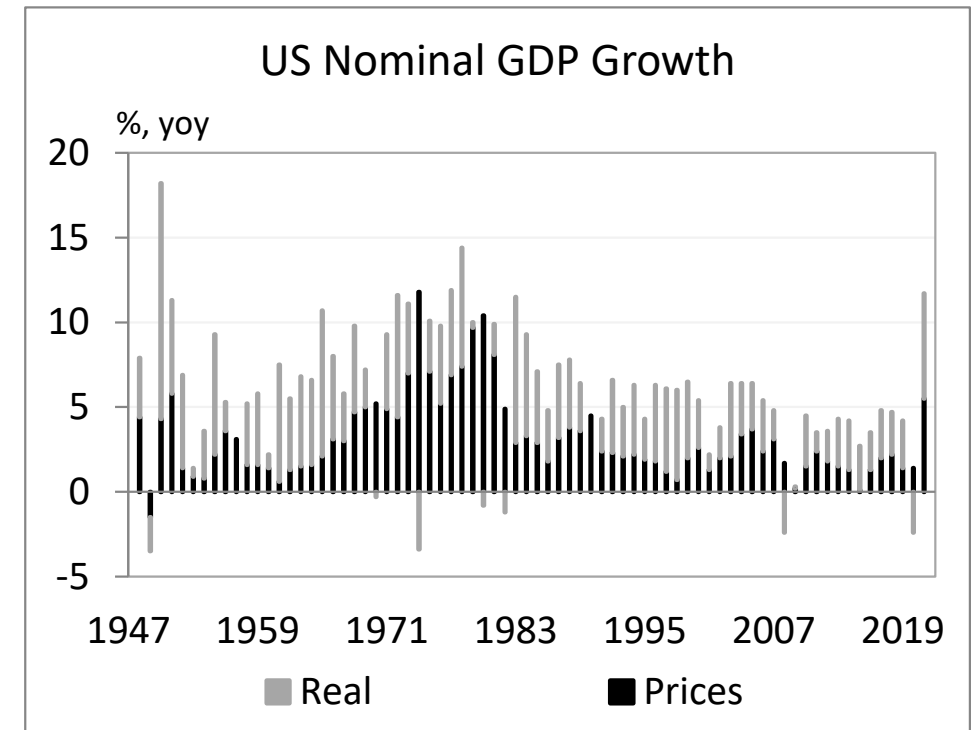
Underlying activity largely robust

Labor supply remains below pre-pandemic levels

Capacity pressures dissipating slowly

Result: excess demand in activity

Analysts' adjusting expectations for wage and price pressure



Economic Update | Future outlook

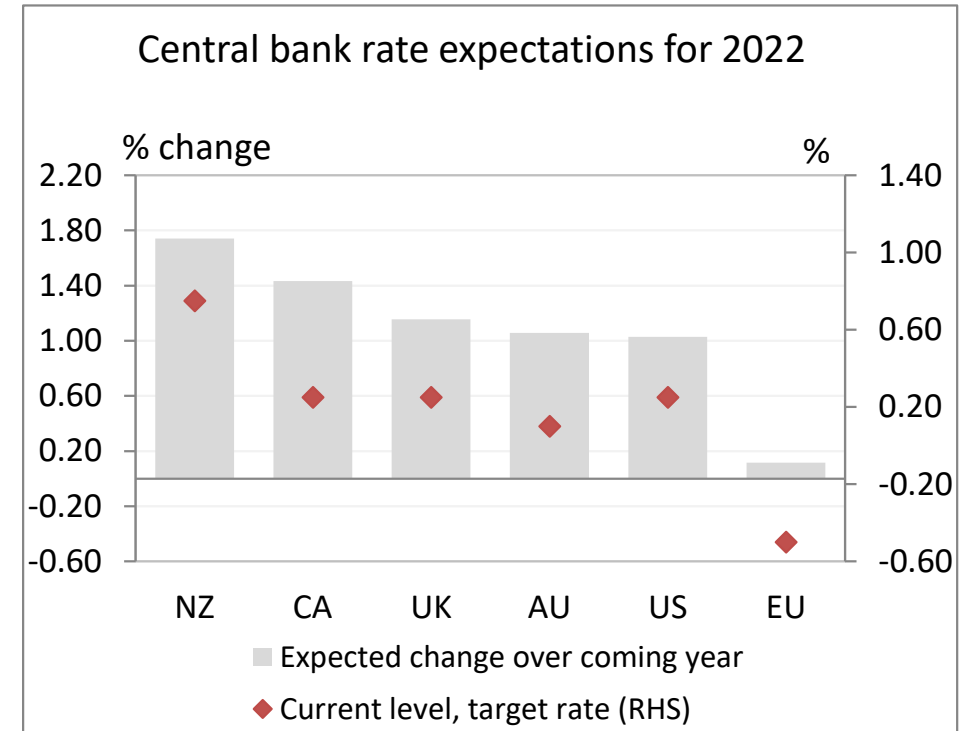
Policy setting and event risk a focus for 2022

Central banks are re-assessing the degree of policy accommodation

Fiscal policy less stimulative

Global recovery uneven

Both upside and downside risks to economic outlook



Appendix

Chief Investment Officer (332)

Strategy & Research

Implement

Monitor, Review, & Assess

Board Governance & Sustainability (BGS)

Global Equity (GE)

Investment Controls & Operational Risk (ICOR)

Global Fixed Income (GFI)

Investment Servicing Division (ISD)

Opportunistic Strategies (OS)

Investment Risk & Performance (IRP)

Private Equity (PE)

Real Assets (RA)

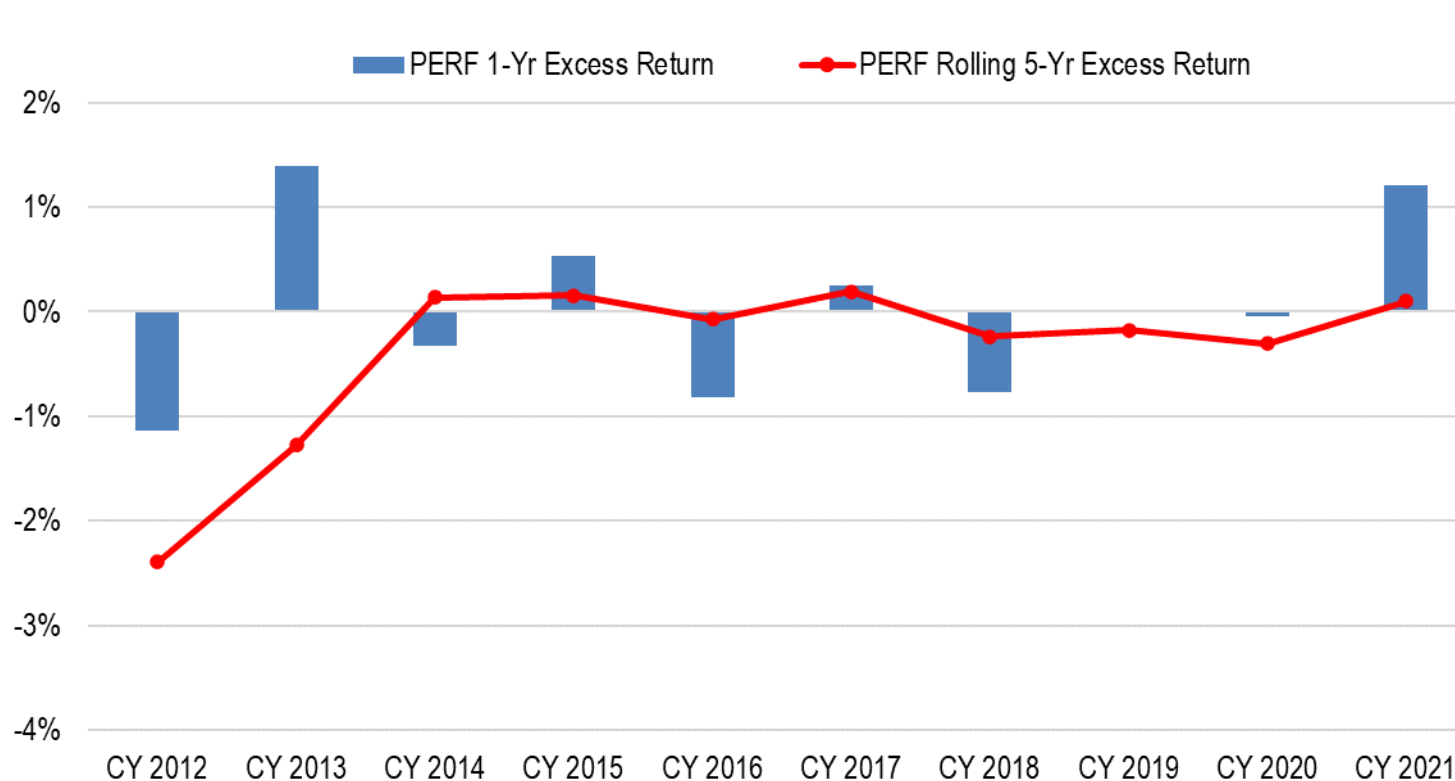
Trust Level Portfolio Management & Implementation (TLPMI)

Total Fund Business & Analytical Services (TFBAS)

Supplemental Income Plan Performance (as of December 31, 2021)

Funds Managed	Ending Asset Value (MM)	20-Yr		10-Yr		5-Yr		3-Yr		1-Yr		FYTD	
		Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps	Net Return	Excess bps
Target Income Fund	122	-	-	5.4%	21	6.7%	14	10.2%	15	5.3%	(2)	1.8%	(2)
Target 2015 Fund	100	-	-	6.1%	13	6.8%	14	10.7%	15	5.5%	(2)	1.8%	(2)
Target 2020 Fund	188	-	-	7.0%	15	7.8%	16	12.7%	19	7.9%	1	2.4%	(1)
Target 2025 Fund	235	-	-	8.1%	14	9.2%	17	14.6%	22	10.3%	3	2.9%	(0)
Target 2030 Fund	226	-	-	9.0%	9	10.3%	10	16.4%	11	12.7%	6	3.5%	1
Target 2035 Fund	144	-	-	9.9%	7	11.5%	12	18.2%	15	15.1%	10	4.1%	2
Target 2040 Fund	135	-	-	10.7%	7	12.6%	11	19.5%	15	17.3%	12	4.7%	3
Target 2045 Fund	77	-	-	11.0%	6	13.1%	11	19.5%	15	17.3%	12	4.7%	3
Target 2050 Fund	44	-	-	11.0%	6	13.1%	11	19.5%	14	17.3%	12	4.7%	3
Target 2055 Fund	16	-	-	-	-	13.1%	11	19.5%	14	17.3%	12	4.7%	3
Target 2060 Fund	9	-	-	-	-	-	-	19.4%	10	17.3%	12	4.7%	3
SSgA STIF	108	-	-	0.7%	9	1.3%	14	1.0%	4	0.1%	4	0.0%	1
SIP US ST Bond Core	38	-	-	-	-	1.8%	(8)	2.2%	(6)	-0.5%	(6)	-0.5%	(3)
SIP US Bond Core	63	-	-	-	-	3.6%	2	4.8%	2	-1.6%	(9)	0.0%	(5)
SIP Real Asset Core	14	-	-	-	-	7.4%	5	12.4%	14	21.0%	(13)	6.8%	(4)
SIP Russell All Cap Core	757	-	-	-	-	18.0%	(2)	25.8%	(1)	25.8%	10	9.2%	4
SIP Gbl All Cap EX-US	78	-	-	-	-	10.1%	22	13.9%	24	8.7%	20	-0.9%	5

PERF Excess Returns | Rolling 5-Year (as of December 31, 2021)



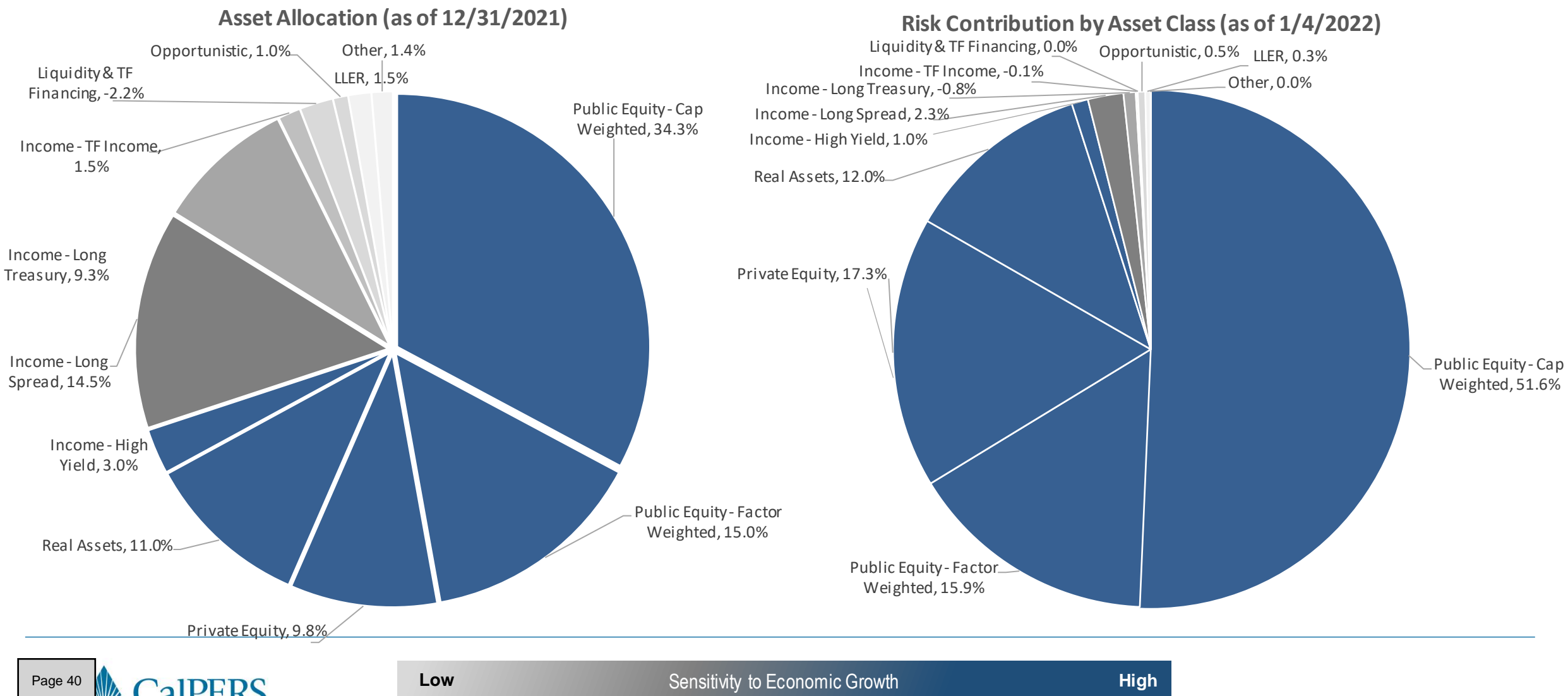
1 Year (+120 bps excess return)

- + Primary Contributors
 - Private Equity (+61 bps)
 - Real Assets (+25 bps)
 - Public Equity – Cap Weighted (+12 bps)
 - Allocation (+7 bps)

5 Year (+10 bps/yr excess return)

- + Primary Contributor
 - Income – Spread (+9 bps)
- Primary Detractors
 - Public Equity – Cap Weighted (-7 bps)
 - Private Equity (-4 bps)

Assets Sensitive to Economic Growth Dominate Risk



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**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/11/2022

ITEM NO: 5

Item 5.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive preliminary Fiscal Year 2022/23 – 2026/27 Five Year Capital Improvement Program Information

RECOMMENDATION:

Receive preliminary Fiscal Year (FY) 2022/23 – 2026/27 Five Year Capital Improvement Program (CIP) information.

BACKGROUND:

On March 1, 2022 staff presented a review of the current and five year CIP to the Town Council in preparation for the proposed CIP next month. Staff intends this meeting with the Finance Commission to build on the work done to date, identifying priority areas for capital investment and supporting funding sources.

DISCUSSION:

The report provided to the Town Council on March 1, 2022 (Attachment 1) provides significant detail on the Town's CIP needs and available funding.

As detailed in the Council Report, funding needs are extensive. It is not the intent of staff that the Finance Commission examine the program at the project level, but rather at a higher level identifying areas of priority (e.g., deferred capital maintenance, grant supported projects, etc.) and potential funding solutions to meet the prioritized needs. Funding solutions might include a discussion of:

- Measure G
- Grants
- New Funding Sources
- General Funds
- American Rescue Plan Act (ARPA)

PREPARED BY: Matt Morley
Parks and Public Works Director

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

PAGE 2 OF 2

SUBJECT: Review the FY2022/23 – 2026/27 Five Year Capital Improvement Program

DATE: March 8, 2022

CONCLUSION:

The input from the Finance Commission will aid Council in establishing the proposed Capital Improvement Program Budget as well as funding structures to address future needs.

Attachment:

1. CIP Council Staff Report from March 1, 2022



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/01/2022

ITEM NO: 13

Item 5.

DATE: February 23, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and Provide Input for Fiscal Year 2022/23 – 2026/27 Budget Planning

RECOMMENDATION:

Review the Fiscal Year (FY) 2021/22 – 2025/26 Capital Improvement Program (CIP) and provide input for FY 2022/23 – 2025/27 budget planning.

EXECUTIVE SUMMARY:

This report builds on the update provided to the Town Council in August 2021 and identifies significant additional unfunded needs. The Town has had great success leveraging Town funds by obtaining grants. These grants allow the Town to stretch local dollars in implementing projects. However, grants have matching fund requirements and the Town has other important projects as identified below, with over \$7 million in immediate needs and anticipated available funds of \$2.5 million.

In addition to project needs, ongoing assessments of deferred infrastructure needs have identified \$75 million in deferred expenditures and future funding needs across four categories. Understanding that funding the full need is untenable, each category can be prioritized over five-year increments. This aligns with a five-year CIP budget with a five-year need of \$25 million.

The goal of this report is to present the funding needs and to facilitate a discussion on priorities, which will provide staff with guidance leading into the annual CIP process.

PREPARED BY: Matt Morley
Parks and Public Works Director

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

PAGE 2 OF 6

SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and
Provide Input for Budget Planning

DATE: February 23, 2022

BACKGROUND:

On June 1, 2021, the Town Council approved the Fiscal Year 2021/22 – 2025-26 CIP. Since that time, several Council actions have appropriated CIP funds to additional projects:

Project	Funds
Union Avenue Community Garden	\$35,000
Public Art Gateway Project	\$32,000
Lynne Avenue Pedestrian Path Design	\$75,000
Blossom Hill Road Traffic Calming	\$200,000
Downtown Parking Signage	\$400,000
Roadside Fire Fuel Reduction	\$575,000
Forbes Mill Pedestrian Bridge Artwork	\$30,000
Civic Center Security Enhancements	\$110,000
Corporation Yard Building Replacement	\$135,981
Adult Recreation Center HVAC	\$130,000
Additional Funding for 224 W Main	\$29,568

These adjustments in conjunction with previous budget actions have left a current balance in the General Fund Reserve of just over \$500,000. Approaching the next budget process, staff expects an additional \$1,500,000 plus anticipated FY 2021/22 Measure G proceeds of \$500,000.

DISCUSSION:

The Town's CIP includes capital improvements and capital maintenance. Capital improvements tend to garner a significant amount of the funding for a number of reasons, including the excitement of building new infrastructure and, in the case of Los Gatos recently, the availability of grant funding that allows for leveraging local dollars.

Ongoing CIP Projects

Staff has continued the effort of providing CIP project updates in a graphical format (Attachment 1). The intent of this format is to provide a consistent at a glance summary of each project, including its progress, funding, and any important factors that could influence the project delivery.

PAGE 3 OF 6

SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and
Provide Input for Budget Planning

DATE: February 23, 2022

DISCUSSION (continued) :

Project Funding Needs

Currently several projects are underway with anticipated additional funding needs, as identified in the table below. In some cases the additional need is match funding for grants that allow for the Town to leverage funds. This is illustrated with amounts in the far right column. In other cases, alternative (non-Town) funding is not available and the Town will need to contribute funds. This is illustrated with amounts in the center column.

Projects with Additional Funding Needs	GFAR Funds Need	Other Fund Source Need
Hwy 17/9 Interchange & Capacity Improvements (Design Phase Local Match) (GFAR)	\$780,000	
Corporation Yard Building Replacement (GFAR)	\$600,000	
Shannon Road Ped & Bike Improvements (multiple sources)		\$1,200,000
Shannon Road Repair (GFAR)	\$4,500,000	
Los Gatos Creek Trail Connector Project	\$928,687	\$4,879,245
Blossom Hill Road Traffic Safety Project (construction)	\$100,000	\$950,000
Kennedy Road Sidewalk and Bike Lane (construction)	\$400,000	

The above list is complemented by a longer list (Attachment 2) of projects that have been identified as needs over time. Staff maintains the list as a working document and modifies it to add and remove projects as priorities change or as projects are completed.

This abbreviated list of over \$7 million in needs provides challenges for advancing these projects in light of the limited capital funds available as identified in the background section of this report. For projects with grants, not meeting a match obligation would mean the funds would revert back to the grantor.

Deferred Capital Needs

Staff has been compiling capital improvement funding needs across a number of categories in order to help grow an understanding of overall deferred capital expenditures. These needs have grown out of focused studies and assessments that evaluate and quantify incremental costs which build to the category costs. For most infrastructure, the Town has historically employed a run to failure model. This approach to capital maintenance is ineffective by way of its reactionary nature and organizational disruption. The table below provides a summary of these amounts, with the following section of this report describing each.

PAGE 4 OF 6

SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and
Provide Input for Budget Planning

DATE: February 23, 2022

DISCUSSION (continued):

Category	Funding Need
Facilities Capital Maintenance	\$20 M
Stormwater Infrastructure	\$15 M
Pavement Maintenance (PCI of 75) over 5 years	\$14 M
ADA Transition Plan (data collection ongoing)	\$26 M
Total	\$75 M

Facilities

With the Library recently reaching its ten-year anniversary, the Town no longer maintains buildings that can be considered new and older facilities have ever increasing capital needs. This last year, a consultant working for the Town conducted a facility assessment that identified current needs as well as life cycle costs for each of the Town's facilities. Facility by facility estimated costs are summarized in Attachment 3, with a total deferred maintenance (immediate need) of \$2.5 million and a five-year capital need of \$8.6 million.

Facility capital improvements have predominantly been funded through General Fund surplus allocations. Some small grants are available and utilized for projects through the Community Development Block Grant (CDBG) program. In Los Gatos, these projects are generally located at the Senior Center.

Future potential funding sources could include local tax measures.

Americans with Disabilities Act (ADA) Assessment

Similar to the facility assessment, a consultant working for the Town is currently updating the Town's ADA Transition Plan. This required plan identifies non-ADA compliant elements of Town infrastructure, identifies the required corrections, and assigns a cost. The work is in progress and funding needs will change as the consultant finishes their work; however, the current numbers provide a good estimate for what the ultimate need may be. The transition plan will establish a 25-year timeline for addressing the identified deficiencies. All of the costs identified through the ADA assessment are considered deferred. The Transition Plan allows for the Town to address the deferred needs over the timeline established. The total cost is \$26 million or roughly \$1 million per year. These estimated costs are also included in Attachment 3. Staff expects ADA compliance costs may increase by another 45% as the assessment is completed.

At the February 15, 2022 Council meeting, there was some discussion on conducting an ADA Parking Pilot project in the downtown. Staff has provided a review of that proposed project and the work that the Complete Streets and Transportation Commission conducted as

PAGE 5 OF 6

SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and
Provide Input for Budget Planning

DATE: February 23, 2022

DISCUSSION (continued) :

Attachment 4. Through the ADA Transition Plan, the costs for addressing deficiencies in parking lots are in excess of \$375,000. Staff recommends addressing the core needs identified in the transition plan prior to embarking upon new efforts, especially where there is not a documented need.

As a distinct part of the ADA transition plan, sidewalk deficiencies have also been assessed. This is the last remaining data collection effort that the consultant is working on. To date the work is approximately 70% complete with an identified \$18 million in unfunded needs for sidewalks alone to date.

Future potential funding sources could include local roadway infrastructure taxes or fees.

Pavement Maintenance

The Town utilizes funding from the Metropolitan Transportation Commission (MTC) to hire a consultant to conduct a regular assessment of pavement condition. A full condition assessment occurs every three years. This information is collected in a program called StreetSaver, which staff utilizes to prioritize pavement projects and to forecast ongoing condition ratings based on investment levels.

The current Pavement Condition Index (PCI) for the Town is at a 69, which is at the top of the “fair” rating. To maintain this level, the Town will need to continue its current investment. To increase the Town’s PCI to a 75 over the next five years, the Town would need to invest an additional \$2.7 million per year.

Current funding for pavement maintenance is largely sourced from non-Town funds, including two local tax measures (2010 and 2016 Measure B), gas tax, garbage truck impact fees, and construction impact fees.

Future potential funding sources could include new local roadway infrastructure taxes or fees.

Stormwater

As reported in August of last year, the Town has an identified unfunded stormwater capital need of \$15 million. The identified projects improve areas of Town where the current stormwater system has deficiencies that are known to create localized flooding on an irregular basis. The assessment was a snapshot in time and the needs continue to grow, especially as the Town annexes County parcels where infrastructure does not exist.

PAGE 6 OF 6

SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program and
Provide Input for Budget Planning

DATE: February 23, 2022

DISCUSSION (continued):

The Town collects stormwater fees associated with development based on the size and type of development, with fees up to \$5,286 per acre.

Stormwater capital needs overlap with the operational needs of the Clean Water Program. The latter is partially funded through property tax assessments that were set prior to Proposition 218 which passed in 1996. The fees have remained static since that time and no longer fully fund the program. This is compounded by increasing unfunded mandates by the State.

Additional potential funding sources could include:

- Increased stormwater fees for developments, or
- Balloted increases to the fees collected through the Clean Water Program, potentially including funding for capital needs. A strategic approach here could include the Clean Water Program advancing a funding initiative as a third party with Town support.

CONCLUSION:

The Town has significant capital expenditure needs competing for limited funds. Prioritization of projects and goals helps to ensure existing infrastructure is maintained in a cost-effective manner while new amenities are added at a balanced and reasonable rate.

The focus on leveraging Town funds to obtain grant money over the last several years has met with great success. Of significant concern today is the ability to meet the match funding commitments, especially in light of other capital maintenance needs.

Based on Town Council input from this item, staff will develop the proposed FY 2022/23 CIP Budget.

FISCAL IMPACT:

There is no fiscal impact from the discussion of this staff report.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Graphical Presentation Fiscal Year 2021/22 Capital Improvement Program
2. CIP Unfunded Project List
3. Facility and ADA Needs Assessment Summary
4. Complete Streets and Transportation Commission Pilot Project Review

Graphical Presentation

Fiscal Year 2021/22 Capital Improvement Program

The following pages provide an alternative look at the Town's Capital Improvement Program. Some key highlights include:

- This document is meant to be used in conjunction with the published budget and may reflect additional information not contained in the budget document, such as future funding needs.
- This is an evolving effort and input to make it more useful is always welcome.

Navigating the Worksheets:

This Project Addresses:

- Each project identifies a series of targets and measures the degree to which the project addresses those targets. This can be found in the upper left box on each page.
- The ratings may be subjective and discussion on the ratings may be appropriate.

Project Challenges:

Many projects have challenges. These are addressed in this box.

Funding Sources:

An at a glance funding summary. Additional information is available in the published CIP.

Budget Estimate Summary:

High level look at the design, construction, and total cost of a project.

Funding Status:

Reflection on the funds in place to deliver the project. Red is low funding, green is high funding.

Schedule (chart):

Designates the percentage of the project costs for design and construction and a marker for the current status.

Schedule (table):

Provides target dates for the project.

Comments:

Data Highlights

Number of Projects that Address Some Element of:	
Category	Count
Safety	32
Equity	31
Quality of Life	34
Mandates	9
Capital Improvement	34
Capital Maintenance	19

Project Funding Status	# Projects
Red	12
Yellow	5
Green	32

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Fiscal Year 2021/22 CIP Unfunded Project List

Rank- 1 - Safety 3 - Critical Cap Maintenance		2 - Economic Vitality 4 - Infrastructure Improvements								
Rank	Project	Program	GFAR Add Amount	Safety	Equity	Quality of life	Mandate	Maintenance	Improvement	
1	Neighborhood Traffic Calming	Streets	\$ 250,000	✓	✓	✓			✓	
2	Blossom Hill Road Traffic Calming	Streets	\$ 950,000	✓	✓	✓			✓	
3	Shannon Road Repair	Streets	\$ 4,500,000	✓				✓		
3	Sports Park Snack Shack Roof Repair	Parks	\$ 45,000					✓		
3	Heritage Grove AC Sidewalks	Streets	\$ 150,000		✓			✓		
3	Sidewalk Infill Across from Fisher Middle School	Streets	\$ 250,000	✓	✓				✓	
3	CNG station decommission	Facilities	\$ 100,000					✓		
3	Balzer Field Irrigation Replacement	Parks	\$ 75,000					✓		
3	La Rinconada play structure	Parks	\$ 200,000	✓				✓		
3	Oak Meadow Air Force Plane Coating	Parks	\$ 55,000	✓				✓		
4	Lynne Ave Community Garden	Parks	\$ 500,000		✓	✓			✓	
4	Townwide drinking fountain to hydration station	Parks	\$ 50,000			✓			✓	
4	Public Art Gateway #2	Arts Commission	\$ 28,000			✓			✓	
4	Public Art - Santa Cruz Ave @ Highway 9	Arts Commission	\$ 21,000			✓			✓	
4	Downtown Streetscape	Streets	\$ 10,000,000			✓			✓	
4	Highway 17 BPOC (local match funds)	Streets	\$ 1,800,000	✓	✓	✓			✓	
4	Oak Hill Play Lot and Hardscape	Parks	\$ 200,000	✓				✓		
4	Roberts Road West Trail Connector - 30% Design	Parks	\$ 100,000	✓	✓	✓			✓	
4	Charter Oaks Trail Project	Parks	\$ 750,000	✓	✓	✓		✓		
4	Union Avenue Sidewalks	Streets	\$ 1,500,000	✓	✓	✓			✓	
4	Oak Meadow Fencing Replacement	Parks	\$ 125,000					✓		
4	Lynne Ave Pedestrian Path Design	Parks	\$ 75,000	✓	✓	✓			✓	
4	Los Gatos Almaden Road Improvments	Streets	\$ 6,000,000	✓	✓	✓			✓	
4	Civic Center Irrigation System Replacement	Parks	\$ 200,000					✓		
4	La Rinconada Park Turf Renovation	Parks	\$ 200,000					✓		
4	Oak Meadow Restroom Expansion	Parks	\$ 750,000		✓	✓			✓	
4	Live Oak Manor Park Turf Rehab	Parks	\$ 200,000			✓		✓		
4	Blossom Hill Park Turf Rehab	Parks	\$ 200,000			✓		✓		
4	North SC Sidewalk Repair north of Hwy 9	Streets	\$ 1,000,000	✓				✓		
TOTALS			\$ 30,274,000							

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Facilities Assessment

Site	Deferred	Total 5 Year	Total 15 Year
Adult Rec Center	\$ 851,500	\$ 1,601,500	\$ 2,051,500
Balzer Restroom	\$ 20,500	\$ 27,000	\$ 78,000
Belgatos Park Restroom	\$ 31,000	\$ 39,500	\$ 97,000
Blossom Hill Park Restroom	\$ 3,500	\$ 22,000	\$ 78,000
Civic Center	\$ 467,500	\$ 3,405,500	\$ 6,424,000
Corporation Yard Engineering Building	\$ 3,000	\$ 21,000	\$ 83,000
Corporation Yard Equipment Building	\$ 35,000	\$ 41,000	\$ 557,500
Corporation Yard White House	\$ 123,500	\$ 263,500	\$ 393,500
Creekside Sports Park Restroom	\$ 3,500	\$ 3,500	\$ 59,000
Forbes Mill	\$ 121,500	\$ 162,000	\$ 371,000
Library	\$ 37,000	\$ 349,000	\$ 1,620,000
Oak Meadow Restroom	\$ 22,000	\$ 22,000	\$ 81,500
Parking Garage	\$ 42,000	\$ 68,000	\$ 196,000
Police Operations	\$ 160,500	\$ 381,500	\$ 1,492,500
Tait Avenue	\$ 29,500	\$ 116,500	\$ 243,500
Theater	\$ 164,500	\$ 1,630,000	\$ 5,274,500
Venue	\$ 337,500	\$ 337,500	\$ 534,500
Youth Rec Center	\$ 55,500	\$ 75,000	\$ 322,500
Totals	\$ 2,509,000	\$ 8,566,000	\$ 19,957,500

ADA Assesment

Facility	Summary Cost
On Street Parking	\$ 17,605.00
Parks and Facilities	\$ 5,833,808.59
Intersections	\$ 1,679,752.00
Sidewalk	\$ 18,043,360.60
Trails	\$ 17,588.00
Totals	\$ 25,592,114.19

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Evaluation of a Downtown ADA Parking Pilot Proposal

February 18, 2022

In January 2021, representatives from the Northern California Spinal Cord Injury Foundation approached Town staff about their interest in a pilot program for Americans with Disabilities Act (ADA) mandated parking spaces. The purpose of the pilot would be to increase the availability of wheelchair accessible parking spaces under the assumption that “95% of occupants of Wheelchair Accessible Parking Spaces do not require additional space to access their vehicle”.

Background on ADA Parking Spaces

The ADA identifies two categories of accessible parking spaces: accessible and van accessible. A van accessible space has increased aisle space adjacent to the space to allow for vehicles with ramps or other devices to facilitate vehicle entry and exit. The ADA has specific requirements for the quantities and sizes of each category of accessible parking spaces in proportion to the overall number of parking spaces in a parking lot. The ADA is very prescriptive in its requirements and those requirements are minimum standards.

The Proposed Pilot

Although not fully developed, the concept as presented to Town staff would involve the following:

- Identification of non-ADA parking spaces (those that are not painted blue) near to or adjacent to van accessible spaces.
- Addition of signage requesting individuals with ADA placards to utilize the non-ADA spaces if they do not require the extra space.
- Addition of signage identifying the adjacent non-ADA spaces as preferential (but not legal) spaces for those with ADA placards.
- Implementation of an “intensive media campaign” for education of the public.

Evaluation of the Proposal

The Complete Streets and Transportation Commission (CSTC) heard the proposal in early 2021 and adopted the evaluation as a Commission priority for the year. The Commission’s work in evaluating the proposal would be a quantitative data collection and analysis effort, which combined with a staff evaluation of ADA compliance, would inform future direction.

The CSTC reviewed a data collection model and approved representative sampling for data collection. The data collection included a review of all downtown public parking lots, identifying the number of spaces, occupancy counts, vans present, and vehicles without placards (illegally parked). Evaluation periods included morning, afternoon, and evening timeframes on weekdays and weekends.

The data collected from the site surveys by CSTC members identified broad availability of van accessible parking. The highest level of occupancy was noted as Tuesdays (42% occupancy) and afternoons (43% occupancy). Follow up data collection to add additional evening data collection presented similar results.

Staff also evaluated the technical elements of the proposal. Staff noted the following concerns:

- An “Intensive Media Campaign” would likely not be sufficient to education potential users due to the localized nature of the implementation and the ever-changing clientele in the downtown. The outreach and education would need to be ongoing and consistent. Staff resources do not exist to meet this need in the short or long-term.
- Non-standard signage stands a high chance of causing confusion for users. As noted above, the ADA is absolute in its requirements. Non-standard implementations face the potential for being deemed non-compliant with the ADA.
- Many who have an ADA placard and do not use the space for wheelchair access still require the facilities that an ADA compliant space provides. This can include the level surface for standing and walking, the ramp that facilitates mounting the sidewalk, tactile elements that help the visually impaired, etc. It may be presumptuous to provide a system that brings focus to those with disabilities that do not require a wheelchair.
- Signage on additional spaces would discourage non-ADA users from utilizing those spaces. These could be critical spaces for the overall parking program as significant adjustments in the parking program are imminent.
- The pilot was evaluated in comparison with opportunity costs for other ADA efforts. Town staff have been developing an ADA Transition Plan, a portion of which addresses deficiencies in Downtown parking spaces. Currently identified ADA related parking compliance needs exceed \$375,000.

Costs and Conclusions

The CSTC reviewed and discussed the proposed pilot based on the utilization data collected and determined that no pilot project was warranted given the availability of ADA parking.

The cost to implement a pilot project as conceived here would largely involve time commitments from staff. Oversight and management would require an estimated 60 hours at startup and an ongoing 3-5 hours per week. Staffing to conduct the actual pilot, especially given the “intense media campaign” would require a minimum of 80 hours to startup the pilot and an ongoing 8-10 hours per week. Costs for signage, campaign information, and other hard costs are estimated at \$15,000. Given the current workload, there is no existing capacity to take on such a work effort.

Given the additional technical evaluation and anticipate workload, Town staff concurs with the recommendation of the CSTC not to proceed with the pilot. If Council wishes to add the pilot, other capital projects would need to be removed/delayed.



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 6

Item 6.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discussion of Key Performance Indicators (KPIs)

RECOMMENDATION:

Discussion of key performance indicators.

DISCUSSION:

On November 8, 2021, the Commission discussed the latest draft of the proposed KPI dashboard. Commissioners requested, to the extent possible, staff add:

- Prior year same period quarterly data to compare to current year actual period data,
- Break down Department expenditures by discretionary and nondiscretionary items,
- Salary and pension projections, and
- Employee headcounts and vacancies by Department.

Attachment 1 contains the draft dashboard with several of the suggested additions. Staff will continue to explore readily available effective data which meets the Commissions dashboard goals.

Attachments:

1. Draft KPI Dashboard

PREPARED BY: Arn Andrews
Assistant Town Manager

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

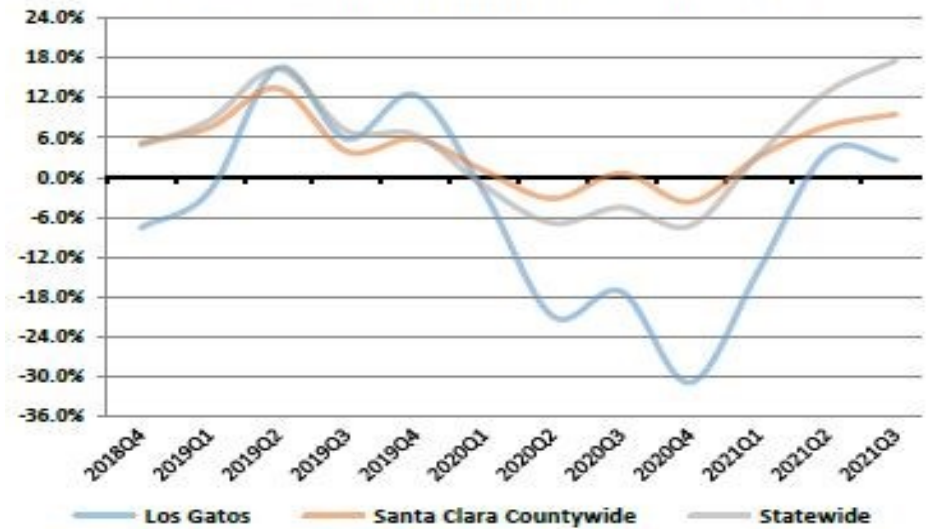
Town Revenues

	FY 2019/20 Actual	FY 2020/21 Adjusted Budget	FY 2020/21 Actual	FY 2021/22 Adjusted Budget	FY 2021/22 2Q
Property Tax	\$ 14,454,513	\$ 14,652,325	\$ 15,826,162	\$ 15,401,391	\$ 197,330
VLF Backfill	3,875,914	4,053,000	4,052,672	4,229,462	-
Sales & Use Tax	3,535,034	6,214,200	6,794,218	7,069,045	497,223
Measure G District Tax	996,390	1,087,669	1,139,386	1,173,733	84,956
Franchise Fees	2,495,792	2,532,289	2,499,463	2,503,560	357,348
Transient Occupancy Tax	1,869,685	707,723	1,044,820	1,400,000	217,414
Other Taxes	1,357,080	1,300,000	1,386,943	1,250,000	60,482
Licenses & Permits	2,696,457	2,911,898	3,018,786	2,641,779	2,334,322
Intergovernmental	1,104,075	4,341,088	1,573,697	1,130,125	103,714
Town Services	4,447,213	4,016,119	4,816,887	3,834,579	2,591,118
Fines & Forfeitures	271,117	94,950	103,467	218,120	53,694
Interest	2,266,134	626,409	96,061	441,233	(458,785)
Other Sources	3,286,211	4,727,796	3,576,238	626 631	52,068
Total Revenues	45,655,616	47,265,466	45,928,800	41,919,658	6,090,884
Transfers In:	599,669	652,056	1,833,218	633,352	104,659
Revenues & Transfers In	\$ 46,255,285	\$ 47,917,522	\$ 47,762,018	\$ 42,553,010	\$ 6,195,543

Economically Sensitive Revenues

SALES TAX	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Actual
1Q	\$1,887,634	\$1,863,996	\$1,726,453
2Q	2,073,379	1,135,409	\$1,758,763
3Q	956,191	1,589,990	
4Q	1,617,830	2,204,823	
Total	\$6,535,034	\$6,794,218	\$3,485,216

Annualized Percent Change in Sales Tax Cash Receipts



MEASURE G TAX	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Actual
1Q	\$264,161	\$300,599	\$316,317
2Q	299,137	261,746	324,525
3Q	195,465	249,733	
4Q	237,627	327,308	
Total	\$996,390	\$1,139,386	\$640,841

TOT	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Actual
1Q	\$739,494	\$316,515	\$469,006
2Q	599,113	203,807	428,749
3Q	434,493	176,030	
4Q	96,585	348,466	
Total	\$1,869,685	\$1,044,819	\$897,754

Department Expenses

	FY 2019/20 Actual	FY 2020/21 Adjusted Budget	FY 2020/21 Actual	FY 2021/22 Adjusted Budget	FY 2021/22 2Q
Expenditures					
Police Department	\$15,895,008	\$17,487,761	\$ 16,570,836	\$ 17,376,333	\$ 8,266,574
Parks & Public Works	8,168,039	8,209,850	8,179,757	8,605,418	4,020,953
Non-Departmental	3,505,098	8,157,687	7,882,762	3,628,466	1,159,874
Community Dev	4,473,790	5,605,215	5,009,798	5,461,716	3,460,301
Admin Services	4,388,762	4,995,847	4,731,133	5,701,385	2,584,905
Library Services	2,700,802	2,957,531	2,828,873	3,053,708	1,356,415
Town Council	206,163	243,486	192,280	202,891	91,800
Town Attorney	559,010	658,831	532,424	669,733	226,341
Total General Fund Expenditures	\$9,896,672	\$48,316,208	\$45,927,863	\$44,699,650	\$21,167,163

Salary & Benefit Expenses

	FY 2020/21 Actual	FY 2021/22 Budget	FY 2021/22 Estimate	FY 2022/23 Forecast	FY 2023/24 Forecast
Expenditures (millions)					
Salary	\$20.2	\$20.8	\$20.6	\$20.6	\$21.2
CalPERS Benefits	\$6.4	\$7.3	\$6.6	\$6.9	\$7.3
All Other Benefits	\$3.7	\$4.2	\$3.8	\$4.0	\$4.1
OPEB Pay as You Go	\$1.3	\$1.3	\$1.5	\$1.5	\$1.6
Salary & Benefit Expenditures	\$31.6	\$33.6	\$32.5	\$33.0	\$34.2

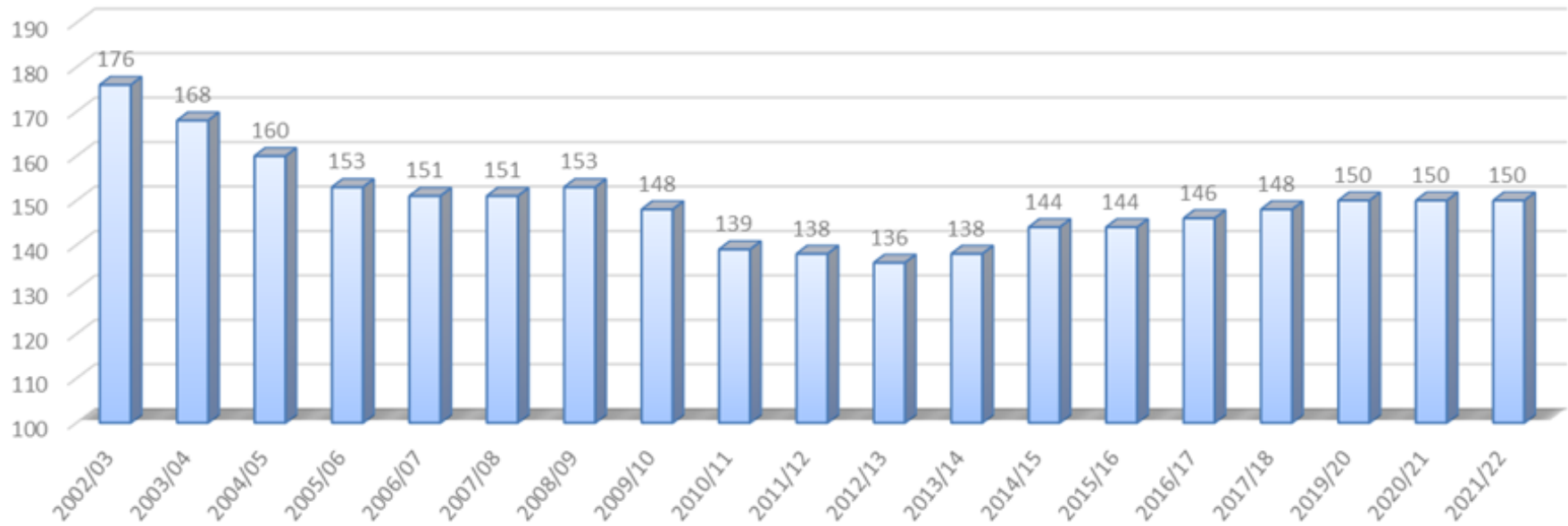
	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Actual
Expenditures (millions)					
Salary	\$14.5	\$14.8	\$16.0	\$17.9	\$19.3
CalPERS Benefits	\$3.6	\$3.9	\$4.3	\$5.3	\$6.1
All Other Benefits	\$3.2	\$3.2	\$3.3	\$3.6	\$3.6
OPEB Pay as You Go	\$0.9	\$1.0	\$1.1	\$1.2	\$1.2
Salary & Benefit Expenditures	\$22.2	\$22.9	\$24.7	\$28.0	\$30.2

Organizational Staffing

DEPARTMENTS	FY 2020/21 Authorized/Funded Positions	FY 2021/22 Authorized/Funded Positions
Town Council	0.50	0.50
Town Attorney	1.88	2.13
Administrative Services	20.18	20.18
Community Development	20.20	20.20
Police Department	60.00	60.00
Parks & Public Works	34.75	35.75
Library	12.50	12.50
Total Positions	150.00	151.24
All Dept Staff Converted to Hourly	11.03	11.09
Total Positions	161.03	162.33

CURRENT FILLED POSITIONS	RETIREMENTS & TERMINATIONS	NUMBER OF WC
As of 3/1/2022 = 138.24	FY 21/22 (through 3/1/22) = 1 R, 9 T	As of 3/1/22 = 11

Organizational Staffing



Organizational Staffing

Department	Position		Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22		
Town Attorney	Legal Administrative Asisstant	Separation	Vacant					Filled - Temp				
Town Attorney	Town Attorney	Retirement	Filled - Permanent							Filled Interim		
Administrative Services	Emergency Manager - Temp	Stars March 2022	Vacant									
Administrative Services	Administrative Technician	Retirement	Filled - Permanent					Vacant	Filled - Permanent			
Administrative Services	Finance Director	Retirement	Filled - Permanent							Filled Interim		
Community Development	Planning Manager	Retirement	Vacant		Filled Interim			Filled - Permanent				
Community Development	Assistant Planner	Promotion	Filled - Permanent			Vacant		Filled - Temp	Filled - Permanent			
Community Development	Senior Planner	Promotion	Filled - Permanent					Vacant	Filled - Permanent			
Community Development	Associate Planner	Separation	Filled - Permanent							Vacant		
Community Development	Permit Technician	Separation	Filled - Permanent								Filled - Temp	
Police	Police Dispatcher	Stars March 2022	Vacant									
Police	Police Dispatcher	Separation	Vacant									
Police	Police Dispatcher	Separation	Vacant							Filled - Permanent		
Police	Police Dispatcher	Separation	Filled - Permanent		Vacant							
Police	Police Officer	Separation	Vacant									
Police	Police Officer	Separation	Vacant							Filled - Permanent		
Police	Police Officer	Separation	Filled - Permanent		Vacant				Filled - Permanent			
Police	Police Officer	Retirement	Filled - Permanent						Vacant	Filled - Permanent		
Police	Police Officer	Retirement	Filled - Permanent							Vacant		
Police	Police Officer	Retirement	Filled - Permanent							Vacant		
Police	Police Chief	Separation	Filled - Permanent			Vacant				Filled - Permanent		
Police	Police Captain	Promotion	Filled - Permanent								Vacant	
Police	Police Records & Communication Manager	Separation	Filled - Permanent				Vacant					
Police	Police Record Specialist	Promotion	Filled - Permanent							Vacant		
Parks & Public Works	Streets Maintenance Worker	Separation	Filled with Temp		Filled with Trainee							
Parks & Public Works	Administrative Assistant	Promotion	Filled - Permanent							Vacant		
Library	Library Specialist	Separation	Vacant		Filled - Permanent							
Library	Librarian	Separation	Vacant			Filled - Permanent						
Library	Senior Library Page	Separation	Filled - Permanent				Vacant - Filled with Temp			Filled - Permanent		



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 7

Item 7.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Information and Discuss Prior Internal Service Fund
Deliberations/Actions

RECOMMENDATION:

Receive information and discuss prior Internal Service Fund (ISF) deliberations/actions.

BACKGROUND:

In August of 2018, as part of the Finance Committee's (sunsetted) continuing efforts to locate funding sources to make additional discretionary payments (ADPs) toward the Town's unfunded pension obligation, the Committee requested detailed information regarding the Town's operating cash balances. The full staff report can be found under item #3 of the following agenda:

https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/_08062018-1329

On September 18, 2018, the report was presented to the Town Council providing a similar opportunity to discuss Town funds in more detail. At that meeting, the Town Council requested further information regarding Government Finance Officers Association (GFOA) standards for establishing budget stabilization and catastrophic reserves. To address Council's request, the Town hired an independent consultant, William C. Statler, to evaluate the Town's Budget Stabilization and Catastrophic Reserve levels using the GFOA methodology. In addition, at its October 2018 meeting, the Council Finance Committee requested further information regarding the Internal Service Fund (ISF) reserves. The full staff report can be found under item #4 of the following agenda:

https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/_12102018-1397

PREPARED BY: Arn Andrews
Assistant Town manager

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

PAGE 2 OF 3

SUBJECT: Prior Internal Service Fund Deliberations/Actions

DATE: March 8, 2022

BACKGROUND (continued):

As part of its September 18, 2018 review of total cash balances, Town Council expressed an interest in looking more closely at the level of funding in the Town's various Internal Service Funds to determine whether the targeted funding level goals for each Fund need to be adjusted.

On December 18, 2018, the Town Council continued its discussion of municipal finance requirements and passed a motion directing staff to determine whether an Internal Service Fund Policy would be suitable for the Town, to draft a proposed Policy if warranted, and to bring the draft Policy to the Finance Committee for its recommendation to the Town Council.

On March 11, 2019, the Finance Committee reviewed ISF information provided by staff and proposed Internal Service Fund Policy language. At the conclusion of the meeting, the Committee recommended the elimination of the Stores and Vehicle Maintenance Internal Service Funds and for staff to explore combining the Information Technology, Equipment Replacement, and Facilities Maintenance Internal Service Funds. The full staff report can be found under item #3 of the following agenda:

<https://www.losgatosca.gov/AgendaCenter/ViewFile/Agenda/03112019-1535>

On May 21, 2019, as part of Council's consideration of the Fiscal Year 2019/20 Operating Budget, it approved the closing of the Vehicle Maintenance and Stores Internal Service Funds and reallocated approximately \$1.0 million in fund balance.

DISCUSSION:

As presented in the FY 2021/22 Mid-Year Budget Review, the Town maintains an Equipment Replacement Fund, Workers' Compensation Fund, Joint Powers Authority Pooled Liability Network (PLAN) Self-Insurance Fund, Information Technology Fund, and the Facilities Maintenance Fund. Internal Service Funds finance and account for special activities and services performed by a designated Town Department for other Town Departments on a cost reimbursement basis. The table on the following page from the Mid-Year Report illustrates 2nd Quarter ending fund balances for the Internal Service Funds.

PAGE 3 OF 3

SUBJECT: Prior Internal Service Fund Deliberations/Actions

DATE: March 8, 2022

DISCUSSION (continued):

Internal Service Funds Budget to Actuals Comparisons					
	Equipment Replacemt	Workers Compensation	Self Insurance	Information Technology	Facility Maint.
Beginning Fund Balance	\$ 1,889,536	\$ 1,673,019	\$ 1,021,082	\$ 2,870,823	\$ 156,341
Budgeted Revenues	570,957	1,007,620	423,332	914,018	1,181,297
Total Actual Revenues - 2nd Qtr	317,925	602,947	200,987	509,809	475,412
Budgeted Expenditures	808,083	1,782,569	850,716	1,064,959	1,203,193
Total Actual Expenditures - 2nd Qtr	46,960	1,039,436	703,807	644,963	362,656
2nd Quarter Ending Fund Balance	\$ 2,160,501	\$ 1,236,530	\$ 518,262	\$ 2,735,669	\$ 269,097

CONCLUSION:

Staff looks forward to the Commission's discussion and will be available for questions.



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 8

Item 8.

DATE: March 3, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Report on the Disposition/Lease of Town Owned Properties

RECOMMENDATION:

Receive report on the disposition/lease of Town owned properties.

BACKGROUND:

To date, the Town has pursued a property strategy which focuses on finding long-term solutions for the disposition/lease of Town-owned properties either through pursuit of public purpose, monetization, or a hybrid of both. Following are disposition and lease arrangements approved by the Town Council to date:

- October 2018 entered into an Exclusive Negotiating Agreement with Sarah Chaffin for the siting and development of affordable (teacher) housing at 20 Dittos Lane – Public Purpose
- March 2019 entered into an Exclusive Negotiating Agreement with Imwalle Asset Management for 4 Tait Avenue and Forbes Mill - Monetization/Public Purpose
- May 2019 sale of 148000 Winchester Blvd to Santa Clara County Fire District ("County Fire") for \$1.9 million – Monetization/Public Purpose
- April 2020 sale of 14850 Winchester Blvd to Santa Clara County Fire District ("County Fire") for \$1.2 million – Monetization/Public Purpose
- August 2020 entered into a Master Lease Agreements with Tait Firehouse LLC and Forbes Mill LLC wherein Imwalle would be 100% responsible for all costs related to the project of rehabilitation, build out, leasing, and ongoing management and maintenance of the properties – Monetization/Public Purpose

The Discussion section of this report will outline the remaining Town owned properties.

PREPARED BY: Arn Andrews
Assistant Town Manager

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

PAGE 2 OF 2

SUBJECT: Disposition/Lease of Town Owned Properties

DATE: March 3, 2022

DISCUSSION:

In addition to the aforementioned properties the Town has one remaining property identified as surplus for disposition.

The 4 New York Avenue ("Venue") property consists of approximately 75,000 square feet, or 1.71 acres (Attachment 1). The subject property is currently zoned Resource Conservation. The site is an irregularly shaped parcel with a vacant 3,720-square foot building which was built in 1994. On September 13, 2016, the Town Council declared 4 New York Avenue as surplus property and directed staff to pursue disposition options. Over the years the Town and Los Gatos-Saratoga Union High School District (LGSUHSD) have discussed Venue property options due to its adjacency to School District property and the potential for possible student uses.

On October 2, 2018, staff provided Council with a staff report which outlined additional options for the Venue property after receiving communication from LGSUHSD that they were no longer an interested party. In attendance at the Council meeting was the new High School Superintendent who requested that he have an opportunity to resurrect discussions prior to any direction on disposition of the Venue. Council directed staff to re-engage in negotiations with the Los Gatos-Saratoga Union High School District (LGSUHSD) for the acquisition of 4 New York Avenue. Since that date staff has engaged in exclusive negotiations with LGSUHD. In addition, Council has considered the item in Closed Session on multiple occasions since the 2018 Council meeting including as recently as February 14, 2022.

CONCLUSION:

Receive the staff report and staff will be available for questions.



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 03/14/2022

ITEM NO: 9

Item 9.

DATE: March 8, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive a Verbal Update on Business License Modernization and Cannabis Consultants' Onboarding

RECOMMENDATION:

Receive verbal updates from staff on the Business License Modernization and Cannabis consultants' onboarding.

PREPARED BY: Arn Andrews
Assistant Town Manager

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



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 03/14/2022

ITEM NO: 10

Item 10.

DATE: March 9, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review Commission Schedule and Adopt Changes to Conform with the Town Budget Process

RECOMMENDATION:

Review Commission schedule and adopt changes to conform with the Town budget process.

DISCUSSION:

The Finance Commission is currently scheduled to meet on April 11, 2022. Similar to last year, the Town is scheduled to post the Proposed Operating and Capital Budgets on April 18, 2022. Staff recommends that the Commission cancel the April 11 regular meeting and add a special meeting on April 18 to commence review of the budget. It is called a special meeting since it would not be on the regular meeting date of the second Monday of the month.

The Commission should also consider additional special meetings dates (i.e., April 25 and May 2) prior to the regular May 9 Commission meeting to accommodate a thorough review of the budget.

PREPARED BY: Arn Andrews
Assistant Town Manager

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