

**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
OCTOBER 10, 2022
110 EAST MAIN STREET
LOS GATOS, CA
5:00 PM**

*Ron Dickel, Chair
Kyle Park, Vice Chair
Stacey Dell, Commissioner
Vacant
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 Council 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:

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/88988874614?pwd=b2duVExmaUkwMEYwZDk0MXBrTXF3Zz09>
Passcode: 535038
- **Join by Telephone:** Dial: USA 877 336 1829 US Toll-free or 636-651-0002 US Toll.
Conference code: 986172.

During the meeting:

- 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 are unable to participate in real-time, you may email to PublicComment@losgatosca.gov and in the subject line "Finance Commission Public Comment Item #__" (insert the item number relevant to your comment) or "Finance Commission 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.

REMOTE LOCATION PARTICIPANTS The following Commissioners 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 RICK TINSLEY, MAYOR ROB RENNIE, COUNCIL MEMBER MATTHEW HUDES. All votes during the teleconferencing session will be conducted by roll call vote.

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 Finance Commission without first being recognized;
- Interrupting speakers, Finance 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.

MEETING CALLED 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 2 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 September 12, 2022 Finance Commission Meeting.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the 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.)*

- [2.](#) Recommend that the Town Council Receive Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period March 1, 2019 to June 30, 2021.
- [3.](#) Receive Financial Information and Continue Review and Analysis of the Town's Five-Year Forecast

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority votes for an extension of time)*



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

MEETING DATE: 10/10/2022

ITEM NO: 1

Item 1.

**DRAFT
Minutes of the Finance Commission Regular Meeting
September 12, 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, August 8, 2022, at 5:00 p.m.

MEETING CALLED TO ORDER AT 5:14 P.M.

ROLL CALL

Present: Chair Ron Dickel, Vice Chair Kyle Park, Commissioner Stacey Dell, Commissioner Rick Tinsley, and Mayor Rob Rennie, Council Member Matthew Hudes (all participating remotely).

Staff Present: Town Manager Laurel Prevetti, Town Attorney Gabrielle Wheelan, Assistant Town Manager Arn Andrews, and Interim Finance Director Gitta Ungvari.

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

1. Approve Minutes of the June 13, 2022 Finance Commission Meeting
2. Receive California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending June 30, 2022
3. 3Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2022
4. Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report as June 30, 2022

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

VOTE: Motion passed 4-0.

VERBAL COMMUNICATIONS

None.

PAGE 2 OF 3

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of September 12, 2022

DATE: October 3, 2022

OTHER BUSINESS

5. Receive CalPERS Actuarial Valuation Reports as of June 30, 2021

Arn Andrews, Assistant Town Manager, presented the staff report. Staff addressed Commissioners' questions.

Opened Public Comment.

None

Closed Public Comment

6. Discuss Communication from the Vice Chair

Arn Andrews, Assistant Town Manager, introduced Vice Chair who gave an overview of his ideas. The Commission discussed the ideas.

Opened Public Comment.

None

Closed Public Comment

MOTION: **Motion** by **Vice Chair Park** that Finance Commission should review any significant changes to the proposed budget that happens between the Council review of the Proposed Budget and prior to the Council final consideration to adopt the budget.
Seconded by **Commissioner Tinsley**

VOTE: **Motion passed 4-0.**

The Commission also requested that staff return in two months with benchmarking information regarding best practices for communicating the labor negotiation process, schedule, and other pertinent information during negotiations. Vice Chair Park requested that staff work more collaboratively with the Finance Commission and that the Finance Commission participate in the Finance Director hiring process.

7. Review of the Town's Structural Deficit per Town Council Directive.

PAGE 3 OF 3

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of September 12, 2022

DATE: October 3, 2022

Arn Andrews, Assistant Town Manager, summarized the Town Council's prior cost cutting strategies. Gitta Ungvari, Interim Finance Director, presented the analysis on the historical budget to actual salary and benefits cost. Staff addressed Commissioners' questions.

Commissioners recommended to:

- Factor in salary savings (based on staff historical analysis) to the updated forecast and
- Update the Town IRS Section 115 Pension Trust and OPEB Trust Investment Policy to address when and how the Town could withdraw money from the OPEB Trust.

Opened Public Comment.

Catherine Somers (Chamber of Commerce Executive Director) commented there is potential to increase Transient Occupancy Tax collection by introducing week-long events to attract people to stay longer in Town hotels and short term rentals.

Closed Public Comment

ADJOURNMENT:

The meeting adjourned at 6:58 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the September 12, 2022 meeting as approved by the Finance Commission.

Gitta Ungvari, Interim Finance Director



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 10/10/2022

ITEM NO: 2

Item 2.

DATE: October 4, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Recommend that the Town Council Receive Independent Accountants' Report on Agreed-Up On Procedures on Measure G Revenues and Expenditures for the Period March 1, 2019 to June 30, 2021

RECOMMENDATION:

Staff recommends that the Finance Commission recommend that Town Council receive the Independent Accountants' Report on Agreed-Up On Procedures (AUP) on Measure G Revenues and Expenditures for the period March 1, 2019 to June 30, 2021.

BACKGROUND:

On June 19, 2018, the Los Gatos Town Council adopted Ordinance No. 2274 establishing a General Transaction and Use Tax ("Ordinance 2274") for a period of twenty years and put forth the required ballot measure for voter consideration. On November 6, 2018, the voters of the Town approved the 1/8 Sales Tax dedicated to Los Gatos (Measure G). Among other items, Ordinance 2274 and Measure G required Citizens Oversight to ensure funds are spent according to the Measure's stated intent.

On November 3, 2020, voters of Los Gatos approved the Measure A ballot initiative establishing a new Finance Commission and disbanding both the Finance Committee and Sales Tax Oversight Committee. Among other responsibilities, the Finance Commission is charged with:

- (7) Issue an annual public report of the expenditures and appropriations of sales tax revenues approved by the Town Council during each fiscal year.

PREPARED BY: Gitta Ungvari
Interim Finance Director

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

SUBJECT: Receive Measure G AUP Report

DATE: October 4, 2022

DISCUSSION:

On September 16, 2022, Badawi & Associates finished the review process and provided the Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period March 1, 2019 to June 30, 2021 as presented in Attachment 1 of this staff report. During this period, there were ten expenditures that utilized Measure G funds consistent with the Town Council's adopted FY 2019/20 and FY 21/22 Budgets:

FY 2019/20	State Admin Fees Withheld	April - June 2019	\$	9,330
FY 2019/20	State Admin Fees Withheld	July -Sept 2019		9,330
FY 2019/20	State Admin Fees Withheld	Oct - Dec 2019		9,330
FY 2019/20	State Admin Fees Withheld	Jan - Mar 2020		5,060
FY 2020/21	State Admin Fees Withheld	April - June 2020		10,310
FY 2020/21	State Admin Fees Withheld	July -Sept 2020		10,310
FY 2020/21	State Admin Fees Withheld	Oct - Dec 2020		10,310
FY 2020/21	State Admin Fees Withheld	Jan - Mar 2021		7,440
FY 2020/21	State Admin Fees Withheld	April - June 2021		12,670
Total Collection Fees				84,090
FY 2020/21	50% to Police Safety			549,328
Total Expenditures				633,418

"State Admin Fees Withheld" is the administration fee imposed by the State Department of Tax Fee Administration to Los Gatos that is deducted from collected Measure G sales tax. Badawi & Associates found that the expenditures were consistent with the voter approved Measure G.

CONCLUSION AND NEXT STEPS:

The Finance Commission should forward a recommendation to the Town Council to receive the Independent Accountants' Report. During the budget process, the Council approves the expenditures and appropriations of the sales tax revenues with consideration of the Finance Commission's recommendation(s).

Attachment:

1. Independent Accountants' Report on Agreed-Upon Procedures for Measure G Revenues and Expenditures For the period March 1, 2019 to June 30, 2021.

Town of Los Gatos

Los Gatos, California

*Independent Accountants' Report
On Agreed-Upon Procedures on Measure G
Revenues and Expenditures
For the period March 1, 2019 to June 30, 2021*



INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor and Town Council
of the Town of Los Gatos
Los Gatos, California

We have performed the procedures enumerated below on the accompanying Schedule of Measure G Revenues and Expenditures of the Town of Los Gatos (Town) for the period from March 1, 2019, to June 30, 2021. The Town's management is responsible for the Measure G revenues and expenditures.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether Measure G sales taxes were used and accounted for in accordance with specified laws, regulations, and recommendations of the Finance Commission for the period from March 1, 2019, to June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings are described below:

1. We obtained and reviewed Town Ordinance 2274, Amending Chapter 2.60 of the Town's Municipal Code, "'Transactions and Use Tax' to Extend the One-Eighth Cent Transactions and Use Tax Term for Twenty Years".

Finding: No exceptions were noted as a result of our procedures.

2. We obtained and reviewed Town Ordinance 2314, adding Article 5 to Chapter Two and amending Chapter 25.60.140 of the Town's Municipal Code.

Finding: No exceptions were noted as a result of our procedures.

3. We obtained a schedule of Measure G revenues and expenditures for the period from March 1, 2019 to June 30, 2021 and agreed totals reported on the schedule to the Town's audited trial balance.

Finding: No exceptions were noted as a result of our procedures.

4. We compared Measure G revenues reported to monthly sales tax reports from the California Department of Tax and Fee Administration (CDTFA).

Finding: No exceptions were noted as a result of our procedures.

To the Honorable Mayor and Members of Town Council
of the Town of Los Gatos
Los Gatos, California

5. Inquired if the Finance Commission reviewed and recommended use of Measure G revenues to the Town Council to meet the following objectives.
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving Traffic Flow to Reduce Congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.

Finding: No exceptions were noted as a result of our procedures.

6. Inquired if the Town Council received the Finance Commission's recommendation and adopted a Council authorized expenditure plan directing the use of Measure G revenues for the period under reported thereupon.

Finding: No exceptions were noted as a result of our procedures.

7. Selected a sample of 25 Measure G expenditures to verify if they were for allowable purposes. Per Measure A Ordinance 2314 eligible expenditures include:
 - a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs;
 - b. Improving traffic flow to reduce congestion;
 - c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks; and
 - d. Maintaining the Town's long-term financial stability.

Finding: Measure G had only 10 expenditures during the period from March 1, 2019 to June 30, 2021. We tested all 10 expenditures and found no exceptions.

8. Agreed amounts held in the General Fund Reserve sub-fund for Measure G agree to Measure G sales tax collections from first receipt of revenues to report date less any amounts reduced for Town Council authorized uses as reported on the auditor's review of tests of expenditures.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule of Measure G Revenues and Expenditures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

To the Honorable Mayor and Members of Town Council
of the Town of Los Gatos
Los Gatos, California

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Town Council and management of the Town and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
September 16, 2022

TOWN OF LOS GATOS
MEASURE G
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE PERIOD MARCH 1, 2019 TO JUNE 30, 2021

	Measure G
REVENUES	
Sales Taxes - Measure G	\$ 2,363,908
Total Revenues	<u>2,363,908</u>
EXPENDITURES	
Public Safety	549,328
Collection Fees	<u>84,090</u>
Total Expenditures	<u>633,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,730,490</u>
NET CHANGES IN UNSPENT PROCEEDS	1,730,490
BEGINNING BALANCE OF UNSPENT PROCEEDS	<u>-</u>
ENDING BALANCE OF UNSPENT PROCEEDS	<u><u>\$ 1,730,490</u></u>

Town of Los Gatos
Notes to Schedule of Measure G Revenues and Expenditures
For the period from March 1, 2019, to June 30, 2021

Item 2.

1. MEASURE G

Measure G is a 1/8 percent transaction and use tax approved by voters in November 2018 for a twenty-year period. The Town of Los Gatos (Town) received the first taxes in May 2019 which represented sales in March 2019. In November 2020, voters approved a second measure which codified Measure G's objectives:

- a. Maintaining and enhancing neighborhood police patrols and local crime prevention programs
- b. Improve traffic flow to reduce traffic congestion
- c. Repairing potholes and maintaining the Town's streets, roads, and sidewalks
- d. Maintaining the Town's long-term financial stability

2. COLLECTION FEES

Collection fees are fees imposed by the State for collecting the Measure G sales tax and distributing it to the Town. Cash received by the Town is net of these fees. The Town has elected to record the gross sales taxes as revenue and the collection fees as expenditures.



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 10/10/2022

ITEM NO: 3

Item 3.

DATE: October 4, 2022
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive Financial Information and Continue Review and Analysis of the Town's Five-Year Forecast

RECOMMENDATION:

Receive financial information and continue review and analysis of the Town's Five-Year Forecast.

DISCUSSION:

On June 21, 2022, the Town Council adopted revisions related to salary and benefit costs associated with labor agreements adopted on June 7, 2022. The Forecast was partially updated to reflect the adjustments to salary and benefit costs. The following table illustrates the previous projected deficits relative to the updated Forecast.

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Original Surplus/Deficit	(\$2.2)	(\$2.9)	(\$2.3)	(\$2.5)	(\$2.6)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)

On August 11, 2022, the Town Council adopted a Resolution to modernize the Town's existing business license structure. If approved by the voters on November 8, 2022, the estimated additional revenue generated by the modernization is approximately \$1,100,000 annually. The table on the following page illustrates the potential impacts to the forecast assuming the modernization is approved by voters.

PREPARED BY: Arn Andrews
Assistant Town Manager

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

SUBJECT: Review Five-Year Forecast

DATE: October 4, 2022

DISCUSSION (continued):

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Updated Surplus/Deficit	(\$3.8)	(\$4.3)	(\$3.7)	(\$4.0)	(4.0)
Potential Impact of Business License Modernization	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1
Updated Surplus/Deficit	(\$2.7)	(\$3.2)	(\$2.6)	(\$2.9)	(\$2.9)

On September 12, 2022, the Commission received staff analysis for determining a reasonable vacancy factor based on a five-year review of past vacancy savings (Attachment 1). The table below illustrates the potential impact to the forecast assuming a 4% salary and benefit savings based on the Fiscal Year 2020/21 actuals to budget.

5 Year Forecast	2023/24 Forecast (\$M)	2024/25 Forecast (\$M)	2025/26 Forecast (\$M)	2026/27 Forecast (\$M)	2027/28 Forecast (\$M)
Updated Surplus/Deficit	(\$2.7)	(\$3.2)	(\$2.6)	(\$2.9)	(\$2.9)
Potential Impact of 4% Vacancy Factor	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2
Updated Surplus/Deficit	(\$1.5)	(\$2.0)	(\$1.4)	(\$1.7)	(\$1.7)

On September 12, 2022, Commissioners requested that staff provide some additional historic context of revenues and expenditures which illustrates compound annual growth rate (CAGR) data. Attachment 2 provides Town wide revenue and expenditure growth rates from FY 2015/16 through FY 2022/23. Attachment 3 illustrates Department expenditure growth rates by service area from FY 2018/19 through FY 2022/23.

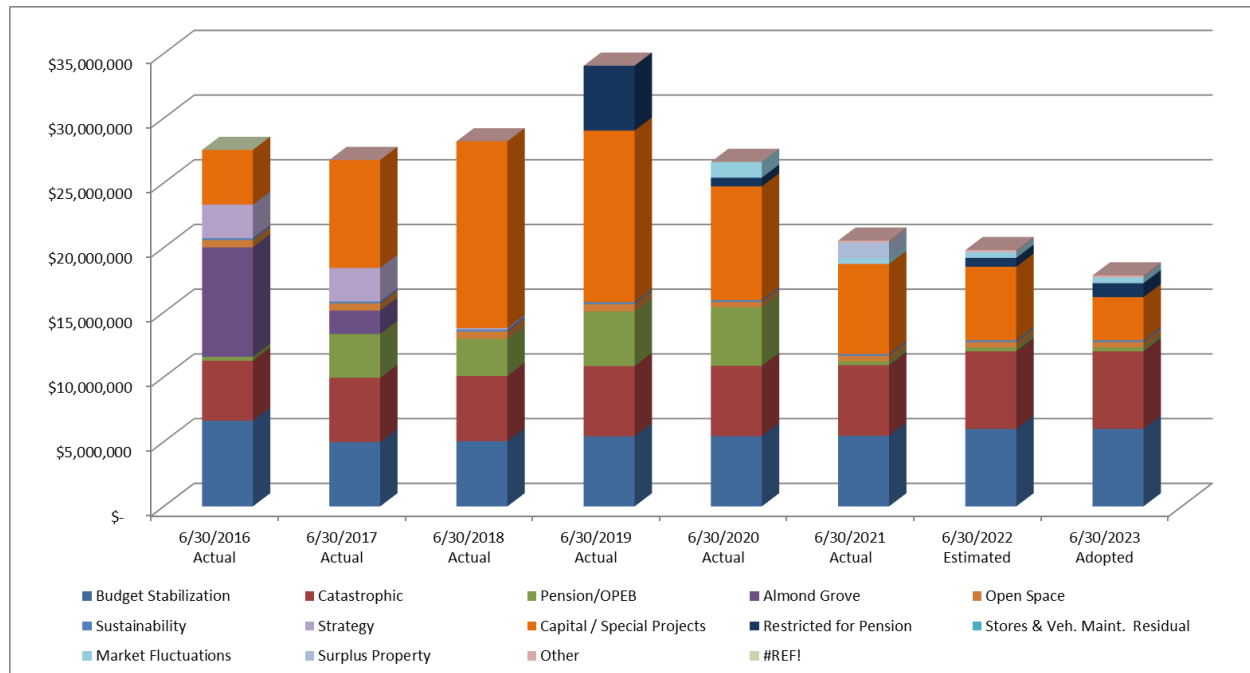
In addition, on September 12, 2022, Commissioners discussed receiving a review of existing revenues for consideration of other possible incremental revenue enhancement strategies. Commissioners wanted to consider questions such as how soon could the enhancement strategies be considered and how certain are their revenue streams? To facilitate the Commission's revenue review, Attachment 4 contains a summary review of Town revenues. Attachment 5 provides additional information from a previous staff report regarding revenues.

SUBJECT: Review Five-Year Forecast

DATE: October 4, 2022

DISCUSSION (continued):

Lastly, the Chair requested current General Fund Reserve data. The following chart and table illustrate the historic breakdown and use of General Fund Reserve balances.



General Fund Reserve	6/30/2016 Actual	6/30/2017 Actual	6/30/2018 Actual	6/30/2019 Actual	6/30/2020 Actual	6/30/2021 Actual	6/30/2022 Estimated	6/30/2023 Adopted
Restricted for:								
Pension				\$ 5,015,316	\$ 669,978	\$ -	\$ 690,000	\$ 1,080,000
Committed to:								
Budget Stabilization	\$ 6,621,808	\$ 4,969,847	\$ 5,037,243	\$ 5,419,222	\$ 5,427,603	\$ 5,460,485	\$ 5,991,566	\$ 5,991,566
Catastrophic	4,637,406	4,969,847	5,037,243	5,419,222	5,427,603	5,460,485	5,991,566	5,991,566
Pension/OPEB	300,000	3,388,913	2,878,913	4,232,500	4,532,500	300,000	300,000	300,000
Almond Grove	8,459,973	1,801,318	-	-	-	-	-	-
Assigned to:								
Open Space	562,000	562,000	562,000	562,000	410,000	410,000	410,000	410,000
Sustainability	140,553	140,553	140,553	140,553	140,553	140,553	140,553	140,553
Strategy	2,600,000	2,600,000	129,090	-	-	-	-	-
Capital / Special Projects	4,222,405	8,332,953	14,421,203	13,262,303	8,787,958	6,965,356	5,682,452	3,332,452
Authorized Carryforward	99,284	34,852	99,927	413,729	-	-	-	-
Compensated Absences		350,329	2,122,512	1,232,653	1,539,408	1,649,917	1,649,917	1,649,917
To Workers' Compensation				1,232,654				
Measure G District Sales Tax					1,181,162	1,730,490	679,443	-
Stores & Veh. Maint. Residual				1,040,375	-	-	-	-
Market Fluctuations					1,218,732	438,333	438,333	438,333
Surplus Property				-		1,200,000	-	-
Other						159,000	159,000	159,000
Total General Fund Reserve	\$ 27,643,429	\$ 27,150,612	\$ 30,428,684	\$ 37,970,527	\$ 29,335,497	\$ 23,914,619	\$ 22,132,830	\$ 19,493,387

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SUBJECT: Review Five-Year Forecast

DATE: October 4, 2022

CONCLUSION AND NEXT STEPS:

Staff looks forward to the Commission's discussion and additional direction regarding the Five-Year Forecast. In November, staff anticipates bringing expenditure reduction options to the Commission for its consideration and discussion.

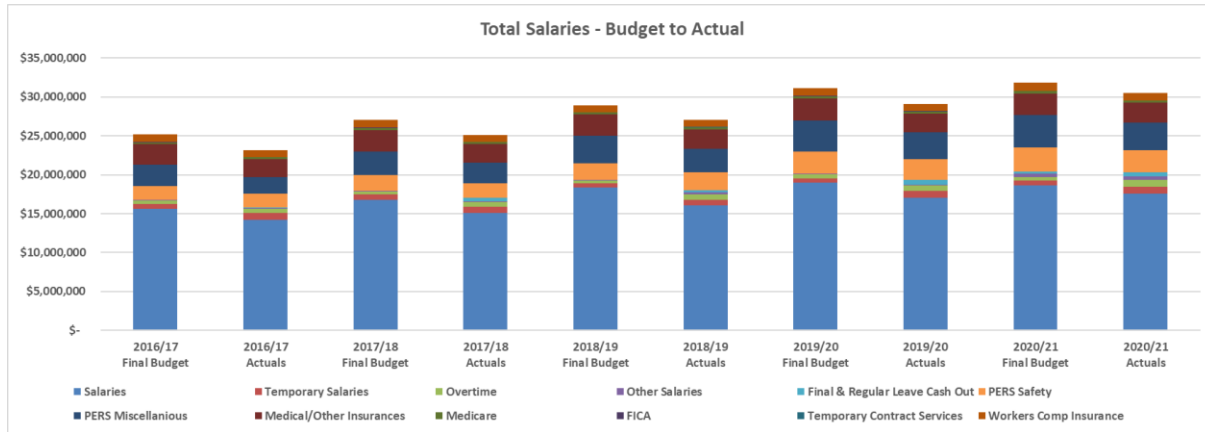
Attachments:

1. Vacancy Savings Analysis
2. Revenue and Expenditure Growth Rates
3. Department Expenditure Growth Rates
4. Municipal Revenue Summary
5. July 2021 Revenue Review
6. Public Comment received at the September 12, 2022 meeting

Vacancy Information

Item 3.

The following chart compares actual salaries and benefits to budgeted salaries and benefits.



	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Salary & Benefit Savings Actuals to Budget	8%	7%	7%	7%	4%*

* The Town traditionally budgeted miscellaneous employees at the top step, and sworn and management employees one step above their actual steps to anticipate merit increases. Beginning in FY 2020/21 consistent with Council direction, the Town is budgeting salaries at the actual salary plus a one-step increase for all classifications.

Account	Revenue Category	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimates	2022/23 Proposed Budget	CAGR From FY 2015/16
4100	Property Tax	\$ 10.8	\$ 11.5	\$ 12.5	\$ 13.6	\$ 14.5	\$ 15.8	\$ 15.7	\$ 16.6	6%
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2	4.4	6%
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.5	7.9	1%
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.2	1.3	55%
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.4	2.5	1%
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.4	1.6	-2%
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.3	1.4	-1%
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	3.1	2.8	-3%
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.1	1.1	1%
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	4.3	4.2	1%
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.2	0.2	-19%
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	0.4	0.4	-6%
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	2.4	3.1	4%
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6	0.5	-20%
TOTAL OPERATING REVENUES & TRANSFERS*		\$ 41.7	\$ 43.2	\$ 43.6	\$ 48.7	\$ 45.6	\$ 46.6	\$ 45.8	\$ 48.0	2%
Account	Expenditure Category	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimates	2022/23 Proposed Budget	CAGR From FY 2015/16
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	19.2	23.2	7%
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	11%
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.4	4.6	5%
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.5	1.5	7%
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	6.9	6.9	6%
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	0.8	0.2	-15%
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6	0.6	5%
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6	2.7	-4%
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	1.9	1.9	0%
TOTAL OPERATING EXPENDITURES		\$ 33.6	\$ 34.0	\$ 36.2	\$ 38.8	\$ 40.2	\$ 42.4	\$ 43.2	\$ 49.3	6%
GASB 45 Retiree Medical Actuarial		1.5	2.6	1.6	1.1	1.1	0.6	0.1	-	
Additional Discretionary Payment - Pension		-	-	-	-	-	5.6	0.4	0.4	
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		\$ 35.1	\$ 36.6	\$ 37.8	\$ 39.9	\$ 41.3	\$ 48.6	\$ 43.7	\$ 49.7	5%

Administrative Services	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted	CAGR
Town Manager's Office	1,077,603	1,271,552	1,257,889	1,430,839	1,491,146	8.6%
Community Grants	136,513	182,303	207,801	650,000	151,000	2.6%
Human Resources	678,490	713,842	782,478	955,176	801,699	4.3%
Finance & Admin Services	1,145,906	1,293,793	1,436,560	1,616,164	1,694,574	10.3%
Clerk Administration	349,776	387,470	416,204	438,617	484,180	8.5%
Information Technology Management	540,044	539,802	629,427	597,040	675,894	5.7%
Smoking Restriction Implementation	629	-	-	-	NA	
Pass Through	2,845	-	-	-	NA	
TOTAL EXPENDITURES	3,931,806	4,388,762	4,730,359	5,687,836	5,298,493	7.7%
Total FTEs	20.52				20.17	
SALARIES & BENEFITS	3,341,837	3,742,818	4,093,118	4,268,410	4,544,558	8.0%

Community Development	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted	CAGR
Administration	210,791	256,531	275,911	251,764	286,174	8.0%
Development Review	1,329,381	1,376,229	1,519,572	1,367,149	1,728,808	6.8%
Advanced Planning	766,110	772,817	847,375	915,552	904,511	4.2%
Inspection Services	1,316,494	1,360,872	1,416,644	1,707,217	1,806,212	8.2%
Code Compliance	255,324	253,630	251,723	260,519	344,117	7.8%
BMP Housing Program	144,713	130,111	190,740	162,989	169,683	4.1%
Pass Thru Accounts	554,682	323,600	507,833	532,500	532,500	-1.0%
TOTAL EXPENDITURES	4,577,495	4,473,790	5,009,798	5,197,690	5,772,005	6.0%
Total FTEs	20.08				20.20	
SALARIES & BENEFITS	3,144,895	3,347,300	3,595,189	3,326,828	4,214,075	7.6%

Parks & Public Works	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted	CAGR
Administration	570,096	614,753	636,015	627,119	634,571	2.7%
Engineering Prog Services	1,215,300	1,480,068	1,385,830	1,442,088	1,660,365	8.1%
Engineering Dev Services	742,264	757,990	759,203	891,971	900,111	4.9%
Park Services	1,737,287	1,965,843	2,013,263	2,102,442	2,422,534	8.7%
Environmental Services	337,937	278,918	362,378	449,899	457,972	7.9%
Streets Signals & Sidewalks	2,220,248	2,084,477	1,950,873	2,074,708	2,813,939	6.1%
Property Damage	56,226	18,632	5,197	25,000	25,000	-18%
Vehicle Maintenance Management	221,062	199,072	251,390	302,190	300,755	7.9%
Facilities Maintenance Management	305,042	316,130	333,628	356,929	443,357	9.8%
Pass-through Accounts	564,170	452,157	481,981	140,000	140,000	-29%
TOTAL EXPENDITURES	7,969,632	8,168,040	8,179,758	8,412,346	9,798,604	5.3%
Total FTEs	33.5				35.75	
SALARIES & BENEFITS	5,213,258	5,754,686	5,642,781	5,931,565	7,236,200	8.5%

Library	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted	CAGR
Administration	451,284	469,563	512,166	518,065	548,989	5.0%
Adult Services	548,199	544,326	643,929	701,284	894,440	13.0%
Youth Services	502,330	510,064	570,048	533,812	647,187	6.6%
Circulation Services	969,174	1,149,220	1,091,598	982,965	1,048,836	2.0%
Operating Grant	22,632	27,629	11,133	9,000	-	NA
TOTAL EXPENDITURES	2,493,619	2,700,802	2,828,874	2,745,126	3,139,452	5.9%
Total FTEs	12.5				13.5	
SALARIES & BENEFITS	1,723,838	1,834,206	1,927,572	1,854,393	2,227,906	6.6%

Police Department	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Adopted	CAGR
Administration	1,223,444	1,248,607	1,464,151	1,439,370	1,871,334	11.2%
Records & Communications	2,221,494	2,205,471	2,296,959	2,147,331	2,903,437	6.9%
Patrol	7,112,700	7,371,256	7,653,773	8,050,067	8,906,255	5.8%
Traffic	1,011,364	798,833	887,706	933,362	1,026,033	0.37%
Investigations	2,219,461	2,705,333	2,739,071	2,675,259	2,896,711	6.9%
Personnel & Community Services	562,528	874,807	993,941	1,031,559	1,116,904	18.7%
Parking	565,896	551,918	524,970	482,802	482,092	-3.9%
Operating Grants	27,547	132,058	10,178	6,902	-	NA
Pass-through Accounts	4,520	6,723	87	10,000	23,220	50.7%
TOTAL EXPENDITURES Total FTEs	14,948,954 59	15,895,006	16,570,836	16,776,652	19,225,986 60	6.5%
SALARIES & BENEFITS	12,587,676	13,538,411	14,302,956	14,142,807	16,487,290	7.0%

Municipal Revenues	FY 21/22 Revenue Est	Updated/Terms	Expiration	Revenue Estimate	Budget Percent	Notes
Property Tax & VLF	\$15.7M \$4.2M	Town receives \$9.30 of \$100 collected	NA	NA	33.9% 8.9%	Prop 13 no control
Sales & Use Tax	\$7.5M	Town receives \$1.125 of every \$9.125 collected	NA	NA	17.4%	No control
District Sales Tax	\$1.2M	2018 Measure G 1/8 cent	2038	\$800,000 annually	Incl above	Prop 218 requires vote
Transient Occupancy Tax (TOT)	\$1.4M	2016 Measure T 10% to 12%	NA	\$400,000 annually	2.0%	Prop 218 requires vote
Short-Term Rentals	\$60,000	2019 Subject to 12% TOT	NA	\$100,000 annually	NA	5% cap of total Town housing stock. Requires both STR License (\$278) and BL. Current licensing compliance low.
Business License Tax	\$1.3M	2022 Measure J (pending) Increase flat taxes 30%, retailing gross receipts tax by 40%, increase	NA	\$1.1M annually	2.0%	Prop 218 requires vote

Municipal Revenues	FY 21/22 Revenue Est	Updated/Terms	Expiration	Revenue Estimate	Budget Percent	Notes
		Manufacturing, Wholesaling, and Jobbing gross receipts by 120%				
Town Fee Schedule		March 2022 Council Option 2 - 5.9% CPI Increase	NA	Varies		Most fees are below 100% cost recovery
Parking Fees/Fines	None	March 2022 Council Option of charging \$2.50 an hour after first hour	NA	None – anticipated to be low	NA	Currently RFPs being developed for PAY app and PAY Stations
Franchise Fees	\$2.4	Cable Television Chapter 7 Town Code (1968) 5% of Gross annual Rev PG&E Electricity and Gas Chapter 27 Town Code (1968) 2% of gross receipts West Valley Sanitation District Garbage Franchise Fee 19%			5.5%	Additional legal research needed to understand if/how rates can be changed

Municipal Revenues	FY 21/22 Revenue Est	Updated/Terms	Expiration	Revenue Estimate	Budget Percent	Notes
		(Agreement expires 2024)				
Transfer Tax		<p>Enacted 1968 .275 cents per each \$500</p> <p>Per Revenue and Taxation Code Section 11911(b), the Town can charge half of what the County can charge (which is .55 per \$500)</p>	NA	NA		<p>Only Charter Cities can vote to increase</p> <p>City of San Jose \$3.30 per each \$1,000</p> <p>City of Mountain View \$3.30 per each \$1,000</p> <p>City of Palo Alto \$3.30 per each \$1,000</p>
Cannabis Tax	None	NA	NA	\$500,000 to \$1.9M depending on tax rate	NA	On August 8, 2022, the Town Council opted not to bring ballot language forward to allow

Municipal Revenues	FY 21/22 Revenue Est	Updated/Terms	Expiration	Revenue Estimate	Budget Percent	Notes
						commercial cannabis businesses in Los Gatos
Parcel Tax	None	NA	NA	Depends on method of assessment chosen (square footage, dwelling unit, flat rate)	NA	Requires 2/3 vote.



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 07/12/2021

ITEM NO: 4

Item 3.

DATE: July 8, 2021
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss and Recommend Options to Pursue for a Town Council Strategic Priority – “Explore New Revenue Opportunities”

RECOMMENDATION:

Discuss and recommend options to pursue for a Town Council Strategic Priority – “Explore New Revenue Opportunities.”

BACKGROUND:

In September 2015, the Town Council received a report titled “Long Range Capital Funding Options”. The report identified the historical use of year-end General Fund savings as the Town’s primary mechanism to fund the Town’s capital needs in the past. In addition, the report discussed the annual uncertainty of excess General Fund dollars as a challenge to the Town’s ability to plan and deliver needed maintenance and capital improvements. The report identified opportunities for new revenues that could be directed specifically to the Town’s capital needs. The revenue options were organized into two categories: (1) Council authority to approve and (2) subject to voter approval.

Since issuance of that initial staff report, the Town Council has acted on several revenue enhancement options including the following:

- November 2016 Measure T increased the Transient Occupancy Tax (TOT) from 10 percent to 12 percent. The 2% increase raises approximately \$400,000 annually in additional revenue.
- November 2018 Measure G creates a 1/8 cent dedicated district sales tax for a 20-year period. The adoption of the dedicated tax provides approximately \$1,000,000 annually in additional revenue.

PREPARED BY: Arn Andrews
Assistant Town Manager

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

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

BACKGROUND (continued):

- In February 2019 Council approved an Ordinance allowing regulated short-term rentals subject to TOT. Approximately \$80,000 of additional TOT is collected annually.
- In June 2019 Council voted to annex 24 unincorporated County pockets. This action results in approximately \$1,000,000 in property taxes remaining in the Town instead of being diverted to the County.
- In January 2021, Council directed the Town Attorney to explore and examine the potential of updating the Town's cannabis regulations to allow commercial cannabis businesses and the fiscal tax impact associated therewith.
- The Town submitted the final allowable increase in Refuse Vehicle Impact Fee to West Valley Collection and Recycling in FY 2021.

DISCUSSION:

With increasing operating costs and growing infrastructure needs, the Town Council identified "Explore New Revenue Opportunities" as a FY 2021-2023 Strategic Priority. During the recent budget deliberations of May 18, the Council reconfirmed their commitment to establish new revenues for capital needs and maintaining the high level of operating services. Council directed the Finance Commission to review and prepare a list of potential revenue options for Council and public consideration. To facilitate that review and recommendation, this report organizes revenue options into two categories: (1) Council authority to approve and (2) subject to voter approval.

Revenue Options under the Council's Approval Authority

Staff has identified seven revenue options that Council has authority to enact by majority vote after due notice:

- Sale or Lease of Property
- Taxation of Short-Term Vacation Rentals
- Business License Tax Audit and Amnesty Program
- Commercial Property Business License
- Sidewalk Repair Cost Sharing
- Commercial Cannabis Businesses
- Full Cost Recovery for Town Services

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

DISCUSSION (continued):

Sale or Lease of Property

To date, the Town has pursued a property strategy which focuses on finding long-term solutions for the disposition of Town-owned properties either through pursuit of public purpose, monetization, or a hybrid of both. Following are dispositions 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

There are two remaining Town owned properties that have not reached disposition status at this time.

- **224 West Main** - On October 12, 2012, the Oversight Board for the Successor Agency of the Redevelopment Agency of the Town of Los Gatos approved the transfer of housing assets to the Town. In addition to the Dittos Lane property, the property at 224 West Main was transferred to the Town for the purpose of affordable housing with commercial space. The asset was originally purchased in 2009 by the former Redevelopment Agency and was transferred to the Town at a valuation of \$1,489,778. The Town Attorney has concluded that the Town either has to reimburse the Town’s Below Market Price Housing Fund the \$1,489,778 or the property is obligated to provide 6 low and moderate income housing units.
- **4 New York Avenue** – On September 13, 2016, the Town Council declared 4 New York Avenue as surplus property. The Venue property consists of approximately 75,000 square feet, or 1.71 acres. The land is currently zoned Resource Conservation. The subject property is currently zoned Resource Conservation. Per Council direction, negotiations continue with the Los Gatos High School.

Taxation of Short-Term Vacation Rentals

As previously mentioned, the Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos. The 12% rate has been in effect since January 1, 2017 after the voters approved a ballot measure to increase the TOT from 10% to

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

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DISCUSSION (continued):

12% at the November 8, 2016 election. Since 2019 this rate is also applied to short-term vacation rentals.

Since 2016, TOT has increased in other nearby communities (e.g., Palo Alto is now at 15.5%) and the Town could ask the voters to consider another increase as discussed in more detail below.

Business License Tax Audit and Amnesty Program

All businesses operating within the Town of Los Gatos are required to pay a business license tax. There are approximately 3,200 businesses operating within the Town. In 2015, staff audited 23% of businesses to assess the Town's exposure to non-licensing. Based on this audit, staff found that approximately 8% of businesses are operating without a valid business license. Since business license tax varies depending on the classification of the business, (i.e. retail, service, professional, etc.), it is difficult to make assumptions regarding potential lost revenue from non-licensed businesses.

The Town could elect to initiate a Business License Amnesty program, in which staff would mail notification letters to all Town addresses outlining the requirement for obtaining a business license and offering a penalty free period of time for anybody with past tax due to the Town to bring their license current without penalty. This would generate one-time money as well as on-going revenue as the business would then be captured in the Town's database for future collection.

Amnesty programs often work best when combined with a business license audit. The audit completed during 2015 only captured businesses operating out of a business location within the Town. Home-based businesses are difficult to identify and were not part of the scope of the audit completed in 2015. There are a variety of independent companies that perform contract business license audit services.

Commercial Property (Landlord) Business License

In the enforcement of the Town's business license tax program, commercial property owners are not required to pay a business license tax since the tenant of the commercial property is required to have a business license for their business operating out of the commercial property. Taxing the commercial property owner could be considered a double tax of the property.

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

DISCUSSION (continued):

Sidewalk Repair Cost Sharing

The Town of Los Gatos currently operates a sidewalk replacement service to residents at no cost. Some municipalities in Santa Clara County (SCC) offer these programs with a cost-sharing component. For example, the City of San Jose requires residents to pay the full cost of sidewalk replacement.

The Town currently expends approximately \$300,000 annually for residential sidewalk repairs. With residents sharing 50% of the costs, the Town could receive an additional \$150,000 in revenue annually. Cost-sharing programs typically require significant administrative support. Therefore, a 50% cost sharing agreement for residential sidewalk replacement would likely result in revenues lower than 50%.

Commercial Cannabis Businesses

Medical cannabis use has been legal in California since 1996. On November 9, 2016, adult recreational use of cannabis by persons age 21 or over became legal in California. In June 2017, California enacted the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which consolidated the state regulatory and licensing framework for medical and recreational adult-use cannabis. Cities still retain full regulatory authority over all commercial cannabis businesses (both medical and recreational adult use).

Effective January 1, 2018, a 15% State excise tax became imposed upon retail purchasers of all cannabis and cannabis products. On top of this tax rate, cannabis sales are subject to local sales tax. In addition to the excise and sales tax, local taxation is possible but would require the approval of Town of Los Gatos voters at a general election unless it is an agreed upon term of conditions of approval. A preliminary analysis estimates that a local tax rate of between 4% and 6% could potentially generate between approximately \$800,000 to \$1.5 Million in revenue for the Town.

The Town Attorney has begun his analysis, will be undergoing an outreach effort to determine community interest in this option, and will be bringing a report to the Finance Commission in early fall.

Full Fee Cost Recovery for Town Services

The Town's financial policies require that certain fees, rates, and charges for services be maintained to allow for cost recovery based on the actual cost to provide Town services. "Fee" activities are services and functions provided by the Town to individuals who receive some

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

DISCUSSION (continued):

direct material benefit above and beyond services offered to residents at general taxpayer expense.

The Town periodically reviews the cost of providing such services and recommends appropriate increases in fees when supported by actual cost data. The Town's last comprehensive cost allocation and user fee study concluded in FY 2018/19 and the Council approved modifications that were incorporated in the FY 19/20 Fee and Fine Schedule. Staff prepared an annual review of the fees during Fiscal Year 2020/21, but due to the COVID-19 pandemic no fee discussion and adjustments have occurred since the adoption of the FY 2019/20 Fee and Fine Schedule. As the economy recovers, the Council may consider modifying the schedule to include Consumer Price Index increases (see separate report).

Revenue Options Subject to Voter Approval

Local agencies may impose taxes, subject to voter approval, using a variety of methods. Pursuant to Proposition 218, these taxes are classified as either "general" or "special."

Whether the ballot measure requires a simple majority (50% + 1 vote) or a super majority (two-thirds of those voting in the affirmative) depends upon the ballot language and whether the question is placed upon the ballot as a general tax increase or a special tax increase

A "general tax" may be used for any public purpose — the funds are fully discretionary and may be deposited into the General Fund. A majority vote (50%+1) of the electorate is required to impose, increase, or extend a general tax.

A "special tax" is a tax imposed for a specific purpose. For example, some cities dedicate tax revenues for the payment of law enforcement or street maintenance costs rather than using the taxes for the general operations of government. A two-thirds majority of voters is required to impose, increase, or extend a tax for a specific purpose.

General taxes may only be put on the ballot at the same general election when the Town Council election is held, unless the Council unanimously finds that there is an urgent need to impose the tax measure. Upon such unanimous declaration, the general tax measure may be put before the voters at a special election. Special taxes may be placed before the electorate at any time, either during a general election or in a special election.

The following six new revenue options, all requiring voter approval, have been identified for consideration:

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

DISCUSSION (continued):

- Assessment Districts
- Utility User Tax (UUT)
- Increased Transient Occupancy Tax (TOT)
- Increased Sales Tax
- Parcel Tax – General or Special
- Commercial Cannabis Businesses

Assessment Districts

An Assessment District is a special district that includes property that will receive direct benefit from new public improvements or from the maintenance of existing public improvements. The most common types of assessments are for roads, storm water, parks, landscaping, and street lighting. Formation of an Assessment District requires voter approval, which must be done in the form of a mailed ballot. Assessment Districts require that at least as many ballots (as weighed by the amount of the assessment against the parcel submitting the ballot) are returned in favor of the assessment as are returned in opposition to the assessment.

Each property is assessed a certain amount based on the percentage of benefit received by the property. Factors that determine the amount of benefit received may include the size of the lot or the proximity to the improvement being financed. The collection of the assessment charges occurs through County property tax collections and is earmarked for the special assessment district as defined. Unless specified by a sunset clause, the collection will continue into the future at a minimum growth allowable by Proposition 13. A CPI (consumer price index) may also be added to the collection so as to keep revenues growing at a rate equal to expenditures.

Utility User Tax (UUT)

The Utility User Tax (UUT) may be imposed by a county/city/town on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television. The tax is collected by the utility as part of its regular billing and then remitted to the Town. The tax rate is typically defined by the voter referendum used to authorize the tax. Statewide, approximately 158 cities and 4 counties have adopted UUTs. The most common rate is 5%, applied broadly among many types of utilities, with the average rate being 5.4%. Most large cities have UUTs, meaning roughly half of California residents and businesses pay a utility user tax.

Currently, all UUTs have been adopted as general taxes with the exception of Desert Hot Springs (safety) and Mammoth Lakes (mobility/recreation/Arts and Culture).

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DISCUSSION (continued):

The Town of Los Gatos does not have any UUT's; however, other cities in Santa Clara County do impose UUTs. Staff's survey of the other 14 cities in the County found that:

- **Telephone (Intra and Inter State) UUT** - Imposed by Cupertino, Los Altos, Palo Alto, San Jose, Gilroy, and Mountain View at rates ranging between 2.4% in Cupertino to 4.75% in Palo Alto.
- **Electricity UUT** - Imposed by Cupertino, Los Altos, Palo Alto, San Jose, Gilroy, Mountain View and Sunnyvale at rates ranging between 2.0% in Sunnyvale to 5.0% in Palo Alto, San Jose, and Gilroy.
- **Gas UUT** - Imposed by Cupertino, Los Altos, Palo Alto, Gilroy, Mountain View, San Jose, and Sunnyvale at rates ranging between 2.0% in Sunnyvale to 5.0% in Palo Alto, San Jose, and Gilroy.
- **CATV UUT** - Imposed by, Los Altos, and Gilroy at rates ranging between 2.4% in Cupertino to 4.5% in Gilroy.
- **Water UUT** - Imposed by, Los Altos, Palo Alto, and San Jose at rates ranging between 2.4% in Cupertino to 5.0% in both Palo Alto and San Jose.

Increased Transient Occupancy Tax (TOT)

As previously mentioned, the Town levies a 12% transient occupancy tax (TOT) on all hotel and motel rooms within the municipal limits of Los Gatos. The 12% rate has been in effect since January 1, 2017 after the voters approved a ballot measure to increase the TOT from 10% to 12% at the November 8, 2016 election. This rate is also applied to short-term vacation rentals.

Since 2016, TOT has increased in other nearby communities (e.g., Palo Alto is now at 15.5%) and the Town could ask the voters to consider another increase.

Increased Sales Tax

The Town currently receives 1.125 cent for every 9.125 cents of sales tax paid per dollar on retail sales and taxable services transacted within Los Gatos. As previously mentioned, an 1/8 cent dedicated district sales tax for a 20-year period was approved by voters in November 2018 and provides approximately \$1,000,000 annually in additional revenue. Under State law, the Town is currently eligible to assess an additional 1/2 cent as a special district tax.

Parcel Tax

A parcel tax is a form of special property tax based on the characteristics of a parcel, or unit of property, rather than a rate based on the assessed value of the property. A parcel tax can be based on either a flat per-parcel rate or a variable rate depending on the size, use, or number of

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SUBJECT: Discuss Council Strategic Priority – Revenue Enhancement

DATE: July 6, 2021

DISCUSSION (continued):

units on the parcel. There are approximately 10,000 taxable parcels in the Town. Therefore a \$100 parcel tax would generate approximately \$1.0 million in new revenue which could be designated for capital projects. Parcel tax revenues can be used for any type of governmental spending.

A parcel tax is considered a qualified special tax in California and may be imposed by a local unit of government, such as a city, county, school district, or special district. Special taxes are permitted by the California Constitution, and they require a two-thirds (66.67 percent) supermajority vote for approval. Elections to vote on parcel tax measures must take place on established election dates. In even-numbered years, these elections dates are in March, April, and November. In odd-numbered years, the elections are in March, June, and November. Notice of a parcel tax election must be given at least 90 days in advance of the election date.

Commercial Cannabis Businesses

Medical cannabis use has been legal in California since 1996. On November 9, 2016, adult recreational use of cannabis by persons age 21 or over became legal in California. In June 2017, California enacted the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which consolidated the state regulatory and licensing framework for medical and recreational adult-use cannabis. Cities still retain full regulatory authority over all commercial cannabis businesses (both medical and recreational adult use).

Effective January 1, 2018, a 15% State excise tax became imposed upon retail purchasers of all cannabis and cannabis products. On top of this tax rate, cannabis sales are subject to local sales tax. In addition to the excise and sales tax, local taxation is possible but would require the approval of Town of Los Gatos voters at a general election unless it is an agreed upon term of conditions of approval. A preliminary analysis estimates that a local tax rate of between 4% and 6% could potentially generate between approximately \$800,000 to \$1.5 Million in revenue for the Town.

The Town Attorney has begun his analysis, will be undergoing an outreach effort to determine community interest in this option, and will be bringing a report to the Finance Commission in early fall.

CONCLUSION:

The Commission should discuss potential revenue options and determine which options should be recommended to the Town Council for further review/analysis.

From: Rick Van Hoesen [REDACTED]
Sent: Monday, September 12, 2022 2:23 PM
To: Ron Dickel [REDACTED]; Kyle Park [REDACTED]; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>; Loreen Huddleston [REDACTED]; Rick Tinsley [REDACTED]; Stacey Dell [REDACTED]
Cc: Laurel Prevetti <LPrevetti@losgatosca.gov>; Arn Andrews <aandrews@losgatosca.gov>; Phil Koen [REDACTED]
Subject: 2022 5-year forecast analysis

Item 3.

EXTERNAL SENDER

Members of the Finance Commission:

I'm writing to provide an analysis we have done of the 5-year forecast included in the 2022 Budget. The analysis is necessarily high-level and general due to the level of detail provided in the forecast. There are a number of unknowns, and of course the possibility of errors is also present.

However, the analysis paints a troubling picture and raises several questions. I am attaching an Excel workbook that contains the analysis in multiple tabs.

Summary of methodology:

- The starting point for the analysis is the 5-year forecast provided by the Town Staff at the August 11 Town Council meeting and also in the agenda packet for tonight's Finance Commission meeting.
- This was combined with the updated 5-year Deficit Forecast provided in the August Finance Commission meeting to attempt to forecast the General Fund balance over the next 5 years.
- We added to this the assumption that the business license tax increase will be approved.
- Finally, we modified the forecast for payroll costs (Salaries & Wages, Retirement Benefits, Other Benefits) to assume continued growth at the same Compound Annual Growth Rate (CAGR) that they have grown in the 5 years ending with the 2023 budget.

Result:

- As you will see in the last row of the first tab of the workbook, the result is that the Town's General Fund will go negative sometime in 2027.
- You will see on the blue-colored tabs a few charts that may help visualize some of the data.

We suggest asking the following:

1. Ask the Town Staff to include a forecast of the GF ending balance each time a forecast is provided to the Finance Commission or Town Staff. It should not be necessary to perform an outside analysis to ascertain this figure.
2. Ask the Town Staff to compile and distribute a complete 2023 budget document that includes all the elements and schedules of the actual adopted budget in a single document. Unless we have missed it, the only way to

compile a complete budget is to combine the preliminary budget document issued in May with the update issued subsequent to the completion of contract negotiations with the unions.

3. Ask the Town Staff to support the assumption that the CAGR for the payroll costs will decrease dramatically from historical growth rates going forward. Are they assuming a significant headcount reduction? A deflationary period? Other? Here is the comparison of historical* vs forecast^ CAGR for these three expense lines:
 - Salaries & Wages: historical CAGR 7.6%. Forecast CAGR 2.2%
 - Retirement Benefits: historical CAGR 12.4%. Forecast CAGR 2.0%
 - Other Benefits: historical CAGR 6.9%. Forecast CAGR 0.9%
 - All 3 combined: historical CAGR 8.5%. Forecast CAGR 1.5%

We hope you find this analysis helpful. If you have any questions please let us know.

Rick Van Hoesen for the Los Gatos Community Alliance

* the 5 years ending with the 2023 budget year

^ the 5 years ending with the 2028 fiscal year

Sheet 1- Includes Notes

Compound Annual Growth Rate (CAGR) Calculations	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	5yr CAGR 2017-2022	3yr CAGR 2019-2022	Total 5yr Growth 2016-2022	5yr CAGR 2018-2023	3yr CAGR 2020-2023	Total 5yr Growth 2017-2023
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	5.3%	2.4%	32%	7.6%	6.3%	56.8%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	9.7%	5.4%	72%	12.4%	8.1%	97.4%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	5.6	3.4	4.6	1.2%	-1.9%	6%	6.9%	8.5%	43.8%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	32.3	28.8	35.5	5.6%	2.4%	35%	8.5%	7.0%	62.1%
Full Time Equivalent (FTE) Headcount	144	146	148	149	150	150	150	153	0.6%	0.3%	4%	0.7%	0.8%	5.0%
Salaries, Wages & Benefits per FTE Head	148	150	160	180	194	203	192	232	5.0%	2.1%	30%	7.7%	6.1%	54.4%

Actuals (A) Proposed (P) Town Staff Estimate (E) & Forecast (F)	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	23.0	23.5	23.9	24.5	25.0	1.5%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	7.9	8.3	8.1	8.4	8.5	2.0%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.4	4.6	4.4	4.5	4.6	4.7	4.8	0.9%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	30.4	28.8	35.5	35.3	36.3	36.6	37.6	38.3	1.5%
FTE Headcount	144	146	148	149	150	150	150	153						
Salaries, Wages & Benefits per FTE head (\$k)	148	150	160	180	194	203	192	232						
Original General Fund Inrease (decrease)			4.5	6.3	-8.6	-5.4	-1.0	-2.0						
General Fund balance based on original proposed budget		27.2	31.6	38.0	29.3	23.9								

Revenues	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Property Tax	9.5	9.1	10.1	10.8	11.5	12.5			11.0	11.5	16.6	15.7	16.1	2.2%
Sales Tax	8.8	8.0	8.2	7.5	9.2	7.6			7.5	8.7	9.2	8.2	8.5	2.4%
Occupancy Tax	1.3	1.5	1.9	1.9	2.3	2.6			1.0	1.4	1.6	1.7	1.8	-0.8%
Business License Tax	1.2	1.1	1.8	1.5	1.7	1.7			1.4	1.3	1.3	4.0	4.0	24.1%
Total Key Tax Revenues	20.7	19.7	22.0	21.7	24.7	24.4	26.0	25.2	20.9	22.9	29.7	29.6	30.4	3.8%

1	General Fund Projection based on Town Staff 5-Year Forecast and Estimated GF balance at 6/30/2023 contained in the approved budget, including the impact of new labor agreements. Plus the assumption that the business license tax increase is approved	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F
	Beginning Balance			27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0
	Updated Surplus/Deficit + Business License Tax Increase			4.5	6.3	(8.6)	(5.4)	(1.0)	(2.0)	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)
	Ending Balance		27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0	7.2

2	LGCA Revised General Fund Forecast: #3 modified to increase payroll costs @ historical CAGR from 2025 forward	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2024-2028)
	Salaries & Wages - forecast using 7.6% 2023 5-year CAGR for 2024 forward								23.2	23.0	24.8	26.7	28.7	30.9	7.6%
	Pension - forecast using 12.4% 2023 5-year CAGR for 2024 forward								7.7	7.9	8.9	10.0	11.2	12.6	12.4%
	All Other Benefits - forecast using 6.9% 2023 5-year CAGR for 2024 forward								4.6	4.4	4.7	5.0	5.4	5.7	6.9%
	Total Salaries, Pension & Wages -forecast using 5-year CAGR through 2023 for 2024 forward								35.5	35.3	38.3	41.6	45.1	48.9	8.5%
	Difference from Town staff forecast								-	-	(2.0)	(5.0)	(7.5)	(10.6)	
	Cumulative difference from Town staff forecast								-	-	(2.0)	(7.0)	(14.5)	(25.1)	
	Revised General Fund Balance Forecast			31.6	38.0	29.3	23.9	22.9	21.0	18.4	13.2	5.7	(4.6)	(18.0)	

Sheet 1 - Without Notes

Compound Annual Growth Rate (CAGR) Calculations	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	5yr CAGR 2017-2022	3yr CAGR 2019-2022	Total 5yr Growth 2016-2022	5yr CAGR 2018-2023	3yr CAGR 2020-2023	Total 5yr Growth 2017-2023
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	5.3%	2.4%	32%	7.6%	6.3%	56.8%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	9.7%	5.4%	72%	12.4%	8.1%	97.4%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	5.6	3.4	4.6	1.2%	-1.9%	6%	6.9%	8.5%	43.8%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	32.3	28.8	35.5	5.6%	2.4%	35%	8.5%	7.0%	62.1%
Full Time Equivalent (FTE) Headcount	144	146	148	149	150	150	150	153	0.6%	0.3%	4%	0.7%	0.8%	5.0%
Salaries, Wages & Benefits per FTE Head	148	150	160	180	194	203	192	232	5.0%	2.1%	30%	7.7%	6.1%	54.4%

Actuals (A) Proposed (P) Town Staff Estimate (E) & Forecast (F)	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Salaries & Wages	14.5	14.8	16.1	17.9	19.3	20.3	19.2	23.2	23.0	23.5	23.9	24.5	25.0	1.5%
Retirement Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.2	7.7	7.9	8.3	8.1	8.4	8.5	2.0%
Other employee benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.4	4.6	4.4	4.5	4.6	4.7	4.8	0.9%
Total Salaries, Wages, Benefits	21.3	21.9	23.7	26.8	29.0	30.4	28.8	35.5	35.3	36.3	36.6	37.6	38.3	1.5%
FTE Headcount	144	146	148	149	150	150	150	153						
Salaries, Wages & Benefits per FTE head (\$k)	148	150	160	180	194	203	192	232						
Original General Fund Increase (decrease)			4.5	6.3	-8.6	-5.4	-1.0	-2.0						
General Fund balance based on original proposed budget		27.2	31.6	38.0	29.3	23.9	22.9	21.0						

Revenues	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2023-2028)
Property Tax	9.5	9.1	10.1	10.8	11.5	12.5	13.6	14.5	15.8	15.7	16.6	15.7	16.1	2.2%
Sales Tax	8.8	8.0	8.2	7.5	9.2	7.6	8.2	7.5	7.9	8.7	9.2	8.2	8.5	2.4%
Occupancy Tax	1.3	1.5	1.9	1.9	2.3	2.6	2.7	1.9	1.0	1.4	1.6	1.7	1.8	-0.8%
Business License Tax	1.2	1.1	1.8	1.5	1.7	1.7	1.5	1.4	1.4	1.3	1.3	4.0	4.0	24.1%
Total Key Tax Revenues	20.7	19.7	22.0	21.7	24.7	24.4	26.0	25.2	26.2	27.0	28.7	29.6	30.4	3.8%

1	General Fund Projection based on Town Staff 5-Year Forecast and Estimated GF balance at 6/30/2023 contained in the approved budget, including the impact of new labor agreements. Plus the assumption that the business license tax increase is approved	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F
	Beginning Balance			27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0
	Updated Surplus/Deficit + Business License Tax Increase			4.5	6.3	(8.6)	(5.4)	(1.0)	(2.0)	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)
	Ending Balance		27.2	31.6	38.0	29.3	23.9	22.9	21.0	18.4	15.3	12.8	10.0	7.2

2	LGCA Revised General Fund Forecast: #3 modified to increase payroll costs @ historical CAGR from 2025 forward	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023B	2024F	2025F	2026F	2027F	2028F	Forecast CAGR (2024-2028)
	Salaries & Wages - forecast using 7.6% 2023 5-year CAGR for 2024 forward								23.2	23.0	24.8	26.7	28.7	30.9	7.6%
	Pension - forecast using 12.4% 2023 5-year CAGR for 2024 forward								7.7	7.9	8.9	10.0	11.2	12.6	12.4%
	All Other Benefits - forecast using 6.9% 2023 5-year CAGR for 2024 forward								4.6	4.4	4.7	5.0	5.4	5.7	6.9%
	Total Salaries, Pension & Wages -forecast using 5-year CAGR through 2023 for 2024 forward								35.5	35.3	38.3	41.6	45.1	48.9	8.5%
	Difference from Town staff forecast								-	-	(2.0)	(5.0)	(7.5)	(10.6)	
	Cumulative difference from Town staff forecast								-	-	(2.0)	(7.0)	(14.5)	(25.1)	
	Revised General Fund Balance Forecast			31.6	38.0	29.3	23.9	22.9	21.0	18.4	13.2	5.7	(4.6)	(18.0)	

Sheet 2 - Includes Notes

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.7	46.5	46.8	48.6	48.6	50.9	51.6
	GASB 45 Retiree Medical Actuarial	0.1	0.1	0.1	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.2	47.0	47.2	49.0	49.0	51.3	52.0
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.0	0.0	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.0	0.0	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.4	50.0	50.5	52.3	52.3	54.9	56.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.6	0.7	0.4	0.7	0.7	0.9	0.8

RVH:
The data actually add up to 46.5. Had to manually enter 46.6 to jibe with the TS document

RVH:
The data actually add up to 50.9. Had to manually enter 50.8 to jibe with the TS

RVH:
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RVH:
The data actually add up to 52.8. Had to manually enter 52.7 to jibe with the TS

RVH:
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RVH:
The data actually add up to (4.4). Had to manually enter (4.3) to jibe with the TS document

Sheet 2 - Without Notes

Item 3.

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.2	49.3	49.2	50.8	51.6	53.3	54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.0	49.7	49.6	51.2	52.0	53.7	54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.3	52.7	51.1	52.7	53.5	55.3	56.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.6	-	(1.2)	(4.3)	(1.1)	(1.4)	(1.4)

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	4.0	4.0	4.0	4.0	4.0
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	49.1	50.2	51.6	53.1	54.2
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	49.9	51.0	52.4	53.9	55.0

Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.7	46.5	46.8	48.6	50.8	51.6	52.8
	GASB 45 Retiree Medical Actuarial	0.1	0.1	0.1	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.2	47.0	47.2	49.0	51.2	52.0	53.2
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.0	0.0	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.0	0.0	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.4	50.0	52.5	54.3	56.5	57.2	58.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.6	0.7	0.4	0.7	0.7	0.7	0.6

RVH:
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RVH:
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RVH:
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RVH:
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Sheet 3 - Without Notes

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Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
4100	Property Tax	15.4	15.7	16.6	15.7	16.1	16.6	17.1	17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	3.5	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	3.8	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		48.1	45.8	48.0	46.5	47.6	49.0	50.5	51.6
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	0.7	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.6	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		51.0	49.0	52.7	47.3	48.4	49.8	51.3	52.4
Account	Revenue Category	2022 Adjusted Budget	2022 Estimates	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
5110	Salary	20.9	19.2	23.2	23.0	23.5	23.9	24.5	25.0
5120	CalPERS Benefits	7.3	6.2	7.7	7.9	8.3	8.1	8.4	8.5
5200	All Other Benefits	4.2	3.4	4.6	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		46.6	43.2	49.3	49.2	50.8	51.6	53.3	54.4
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		47.1	44.0	49.7	49.6	51.2	52.0	53.7	54.8
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		50.5	48.3	52.7	51.1	52.7	53.5	55.3	56.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		0.5	0.6	-	(3.8)	(4.3)	(3.7)	(4.0)	(4.0)

* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes \$0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities.

Sheet 4 - Includes Notes

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	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	2022/23 Original Proposed Budget	2022/23 Final Budget	
							Added column to give effect to the new labor agreements
REVENUES							
Property Tax	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	16,551,544	0
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350	4,356,350	0
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189	7,934,189	0
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755	1,240,755	0
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870	2,493,870	0
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,642,460	0
Other Taxes	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	1,287,500	0
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029	2,757,029	0
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814	1,051,814	0
Town Services	4,648,904	4,447,213	4,835,962	4,259,099	4,235,261	3,500,000	-735,261
Internal Srvc Reimbursement	0	0	0	0	0	0	0
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750	201,750	0
Interest	1,682,347	2,266,134	96,061	441,233	432,947	432,947	0
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	1,760,830	3,800,000	2,039,170
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536	538,536	0
TOTAL REVENUES	52,602,148	46,255,285	48,311,346	46,460,461	48,378,548	49,682,457	1,303,909
EXPENDITURES							
Salaries & Benefits	26,803,225	28,933,568	30,297,504	28,866,098	33,227,942	35,500,000	2,272,058
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742	9,318,742	0
Grants & Awards	248,533	274,249	298,303	800,000	241,000	241,000	0
Fixed Assets	38,307	138,384	2,365	0	0	0	0
Interest	0	0	52,011	0	0	0	0
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,650,173	2,650,173	0
Capital Projects	0	0	0	0	0	0	0
Capital Acquisitions	0	0	0	0	0	0	0
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978	3,006,978	0
TOTAL EXPENDITURES	46,267,155	54,890,314	53,732,225	47,457,982	50,338,548	52,610,606	2,272,058
Net Increase (Decrease)	6,334,993	-8,635,029	-5,420,879	-997,521	-1,960,000	-2,928,149	-968,149
Beginning Fund Balance	31,635,533	37,970,526	29,335,497	23,914,618	22,917,097	22,917,097	0
Ending Fund Balance*	37,970,526	29,335,497	23,914,618	22,917,097	20,957,097	19,988,948	-968,149

Sheet 4 - Without Notes

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					2022/23 Original Proposed	2022/23 Final Budget	Delta
	2018/19 Actuals	2019/20 Actuals	2020/21 Actuals	2021/22 Estimated	Budget	Budget	
REVENUES							
Property Tax	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	16,551,544	0
VLF Backfill	3,685,247	3,875,914	4,052,672	4,229,462	4,356,350	4,356,350	0
Sales & Use Tax	7,930,021	6,535,034	6,794,218	7,497,873	7,934,189	7,934,189	0
Measure G - District Sales Tax	228,131	996,391	1,139,386	1,173,733	1,240,755	1,240,755	0
Franchise Fees	2,475,916	2,495,792	2,499,463	2,435,800	2,493,870	2,493,870	0
Transient Occupancy Tax	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,642,460	0
Other Taxes	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	1,287,500	0
Licenses & Permits	3,059,894	2,696,457	2,999,711	3,065,997	2,757,029	2,757,029	0
Intergovernmental	945,191	1,104,075	1,573,697	1,130,125	1,051,814	1,051,814	0
Town Services	4,648,904	4,447,213	4,835,962	4,259,099	4,235,261	3,500,000	-735,261
Internal Svc Reimbursement	0	0	0	0	0	0	0
Fines & Forfeitures	510,266	271,117	103,467	218,120	201,750	201,750	0
Interest	1,682,347	2,266,134	96,061	441,233	432,947	432,947	0
Other Sources	6,093,211	1,381,187	2,217,072	1,140,853	1,760,830	3,800,000	2,039,170
Debt Service Reimbursement	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers In	1,578,911	599,669	1,833,218	633,352	538,536	538,536	0
TOTAL REVENUES	52,602,148	46,255,285	48,311,346	46,460,461	48,378,548	49,682,457	1,303,909
EXPENDITURES							
Salaries & Benefits	26,803,225	28,933,568	30,297,504	28,866,098	33,227,942	35,500,000	2,272,058
Operating Expenditures	11,955,327	13,397,031	14,276,602	9,849,151	9,318,742	9,318,742	0
Grants & Awards	248,533	274,249	298,303	800,000	241,000	241,000	0
Fixed Assets	38,307	138,384	2,365	0	0	0	0
Interest	0	0	52,011	0	0	0	0
Internal Service Charges	2,527,470	2,188,211	2,314,305	2,619,672	2,650,173	2,650,173	0
Capital Projects	0	0	0	0	0	0	0
Capital Acquisitions	0	0	0	0	0	0	0
Debt Service	1,909,073	1,905,024	1,908,494	1,899,850	1,893,713	1,893,713	0
Transfers Out	2,785,220	8,053,847	4,582,641	3,423,211	3,006,978	3,006,978	0
TOTAL EXPENDITURES	46,267,155	54,890,314	53,732,225	47,457,982	50,338,548	52,610,606	2,272,058
Net Increase (Decrease)	6,334,993	-8,635,029	-5,420,879	-997,521	-1,960,000	-2,928,149	-968,149
Beginning Fund Balance	31,635,533	37,970,526	29,335,497	23,914,618	22,917,097	22,917,097	0
Ending Fund Balance*	37,970,526	29,335,497	23,914,618	22,917,097	20,957,097	19,988,948	-968,149

Sheet 5

Item 3.

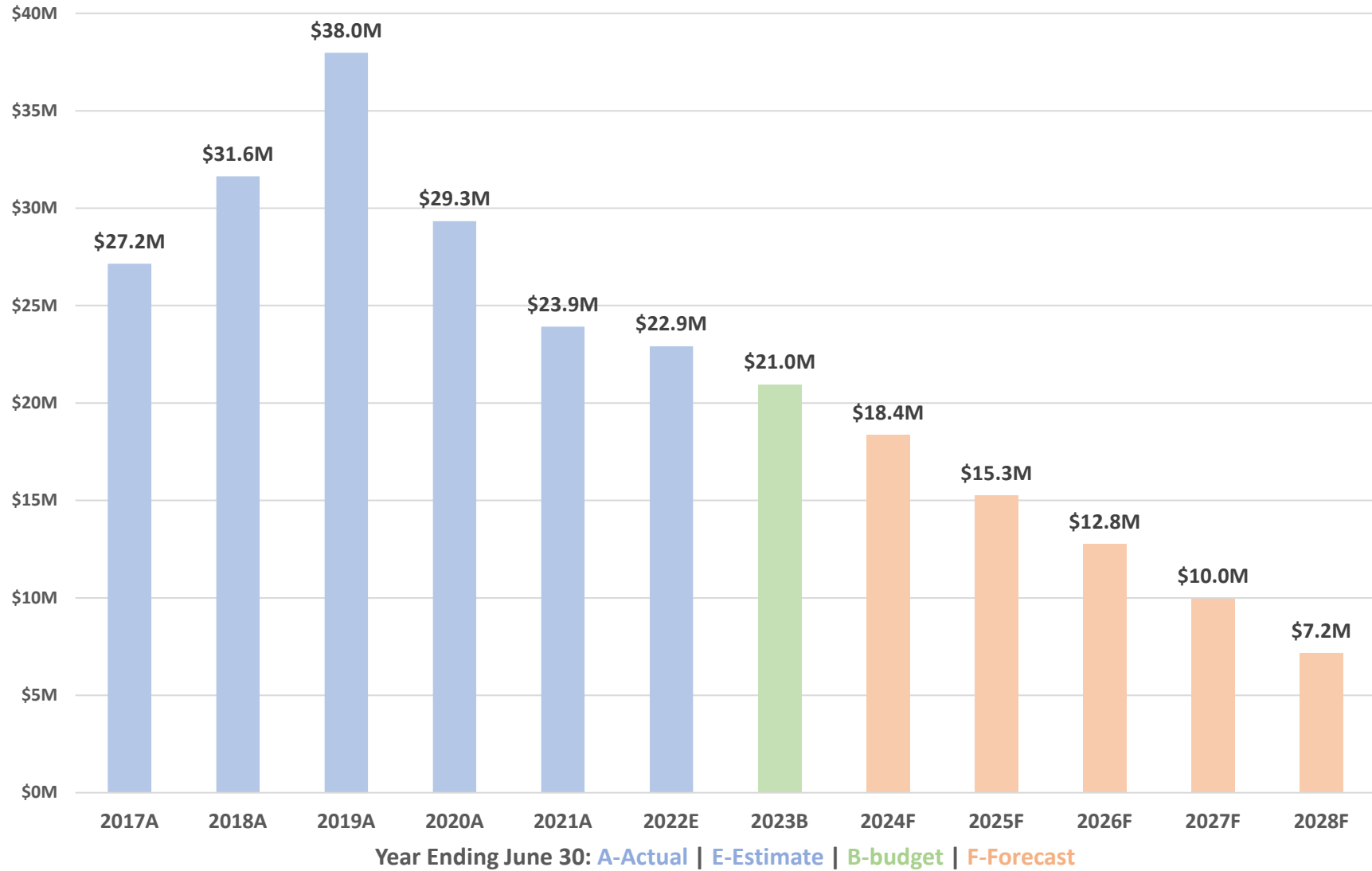
5 Year Forecast	2024	2025	2026	2027	2028
Original Surplus/Deficit	(2.2)	(2.9)	(2.3)	(2.5)	(2.6)
Updated Surplus/Deficit	(3.8)	(4.3)	(3.7)	(4.0)	(4.0)
Plus: Business License Tax Additional Revenues	1.2	1.2	1.2	1.2	1.2
Updated Surplus/Deficit + Business License Tax In	(2.6)	(3.1)	(2.5)	(2.8)	(2.8)

Sheet 6

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Property Tax	9,477,043	9,054,908	10,113,287	10,779,434	11,518,257	12,510,822	13,636,099	14,454,513	15,826,162	15,684,964	16,551,544	15,700,000	16,100,000	16,600,000	17,100,000	17,600,000
Sales Tax	8,757,428	8,029,571	8,202,678	7,501,175	9,171,373	7,592,206	8,158,152	7,531,425	7,933,604	8,671,606	9,174,944	8,200,000	8,500,000	8,800,000	9,100,000	9,300,000
Occupancy Tax	1,295,887	1,512,846	1,896,721	1,943,166	2,322,910	2,628,927	2,692,043	1,869,685	1,044,820	1,400,000	1,642,460	1,700,000	1,800,000	1,900,000	1,900,000	2,000,000
Business License Tax	1,151,579	1,130,020	1,779,407	1,465,546	1,720,980	1,686,251	1,526,894	1,357,080	1,386,943	1,250,000	1,287,500	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Key Tax Revenues	20,681,937	19,727,345	21,992,093	21,689,321	24,733,520	24,418,206	26,013,188	25,212,703	26,191,529	27,006,570	28,656,448	29,600,000	30,400,000	31,300,000	32,100,000	32,900,000
Change from Prior Year	13.7%	-4.6%	11.5%	-1.4%	14.0%	-1.3%	6.5%	-3.1%	3.9%	3.1%	6.1%	3.3%	2.7%	3.0%	2.6%	2.5%

YoY change	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Tax		-4.5%	11.7%	6.6%	6.9%	8.6%	9.0%	6.0%	9.5%	-0.9%	5.5%
Sales Tax		-8.3%	2.2%	-8.6%	22.3%	-17.2%	7.5%	-7.7%	5.3%	9.3%	5.8%
Occupancy Tax		16.7%	25.4%	2.4%	19.5%	13.2%	2.4%	-30.5%	-44.1%	34.0%	17.3%
Business License Tax		-1.9%	57.5%	-17.6%	17.4%	-2.0%	-9.5%	-11.1%	2.2%	-9.9%	3.0%
Sum of Key Revenues		-4.6%	11.5%	-1.4%	14.0%	-1.3%	6.5%	-3.1%	3.9%	3.1%	6.1%

General Fund Ending Balance Projection
Based on Forecast Included in 2023 Budget





Sheet 9

Item 3.



