



**TOWN OF LOS GATOS
FINANCE COMMISSION REPORT**

MEETING DATE: 4/8/2024

ITEM NO: 5

DESK ITEM

DATE: April 8, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Staff Update on FY 2024/25 Budget and Capital Plan

RECOMMENDATION:

Staff Update on FY 2024/25 Budget and Capital Plan

REMARKS:

Attachment 2 contains commissioner comments received after 11:00 a.m. on Friday, April 5, 2024, and before 11:00 a.m. Monday, April 8, 2024.

Attachment Previously Received with the Staff Report:

1. Commissioner's Communications

Attachment received with this Desk Item:

2. Commissioners Comments Received After 11:00 a.m. Before 11:00 a.m. on 11:00 a.m. on Friday, April 5, 2024, and before 11:00 a.m. Monday, April 8, 2024.

PREPARED BY: Gitta Ungvari
Finance Director

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

From: [Phil Koen](#)
To: [Wendy Wood](#); [Gitta Ungvari](#); [Nicolle Burnham](#)
Cc: [Joseph Rodgers](#)
Subject: Capital Project prelim work plan
Date: Monday, April 8, 2024 10:48:05 AM
Attachments: [Preliminary Work Plan.docx](#)

[EXTERNAL SENDER]

Hi Wendy,

Please include the following in the FC package for this evening's meeting.

Thank you,

Phil Koen

Preliminary Work Plan – Capital Plan sub-committee

The first phase of the work plan will be comprised of the following:

1. Assessment of the current 5 Year Capital Budgeting process
 - a. Identification and Prioritization Process
 - b. Review of sample major Capital Projects outcomes
 - i. Budget \$ vs Act \$
 - ii. Delivery vs Target
 - iii. Scope changes
 - iv. Reporting and monitoring
 - c. Major learnings

Based on the outcome of this initial review, we propose to develop best practices for the following areas:

2. What are the best practices for prioritizing Capital Requests?
 - a. Health and Safety
 - b. Asset preservation
 - c. Service/asset expansion/addition
3. What are the best practices for developing a comprehensive financial plan?
 - a. Achievability
 - b. Financing strategies to insure a fully funded capital plan
 - c. Multi-year perspective
 - d. Cash flow projections
4. How best to integrate Environmental, Social and Governance considerations in the plan
 - a. Intergenerational equity
 - b. Appropriate disclosures
5. What are the best practices for capital project monitoring and reporting?
 - a. Project milestones and performance measures
 - b. Systems required to capture and report capital project financial and operating data
 - c. Managing changes to scope, schedule, cost, funding, and contract requirements
6. What are the best practices for capital project close out?
 - a. Close out process
 - b. Lessons learned

We anticipate that each of these steps will be done in 6-to-8-week sprints. We will require support of Staff to be able to complete this work plan.