



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/05/2025

ITEM NO: 19

DATE: July 31, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive an Update on the Town's Federal Funding and Grants and Consider Federal Actions Impacting the Town**

RECOMMENDATION: Receive an update on the Town's federal funding and consider federal actions impacting the Town.

FISCAL IMPACT:

The Town has been awarded approximately \$10,000,000 in federal funding. Approximately \$4.2 million of this funding has not yet been received and could potentially be subject to current and future changes in federal policy.

STRATEGIC PRIORITY:

This item aligns with the Town's Core Goal of Fiscal Stability and the strategic priority to ensure prudent financial management.

BACKGROUND:

On January 27, 2025, the President's Office of Management and Budget (OMB) released memo M-25-13, initiating a temporary pause on the disbursement of federal financial assistance, including grants and loans. This action aimed to review programs aligned with the administration's policies, particularly targeting initiatives related to diversity, equity, and inclusion (DEI), and environmental projects associated with the Green New Deal. The White House provided guidance that the pause was limited to programs, projects, and activities implicated by the President's EOs, "such as ending DEI, the Green New Deal, and funding nongovernmental organizations that undermine the national interest."

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Assistant Town Manager

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

On January 29, 2025, the OMB withdrew memo M-25-13 while the White House maintained that the intent of the executive orders related to the funding freeze remained unchanged, leading to ongoing confusion and legal challenges.

During the February 4, 2025, Town Council meeting, Mayor Matthew Hudes and Vice-Mayor Rob Moore requested that the Town Council discuss the potential impact of federal actions at a future meeting.

On March 18, 2025, the Town Council discussed the potential impact of federal actions on the Town's federal funding sources and requested that an update be provided every other month, skipping July, to allow them to discuss the impacts as well as potential actions. This report serves as that update.

The landscape of federal policy, federal funding, and corresponding legal challenges continues to change. All federal funding should be closely monitored.

DISCUSSION:

Attachment 1 outlines the Town's current federal funding. In addition to this information, notable updates are included below.

Emergency Management Performance Grant (EMPG):

This grant is administered to the Town through the County. The County has successfully received reimbursement for the EMPG funds and has provided funding in full to the Town in the amount of \$14,866. The original grant agreement allowed for up to \$15,300; however, the total costs came in at \$14,866. The grant is completed and the Town is fully reimbursed.

Los Gatos Creek Trail Connector:

This project was recently completed, and staff presented the final project close out to the Town Council in June. That project was funded through a series of grant programs including, One Bay Area Grant (OBAG), Transportation Fund for Clean Air (TFCA), Transportation Development Act (TDA), and VTA Measure B.

Currently, there is \$6,193,000 of federal funding in an open OBAG grant for this project. The Town has expended \$6,192,579 and has received \$5,714,089 in reimbursements to date. Staff is working with the vendor on final invoicing in order to submit the final reimbursement request.

Open Space Vegetation Management (FEMA HMGP Grant):

Field implementation of this program started in March 2025 and completed in June 2025. In April 2025, staff submitted a reimbursement request for \$118,803 to the California Office of Emergency Services. This reimbursement was received on June 6th. In July, staff submitted a reimbursement request for \$912,495 and CalOES staff has confirmed that the Town should

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expect reimbursements to be processed as planned. For all vegetation management grants, staff is aiming to only expend up to the amount the Town has committed to in funding and waiting for reimbursements to come through before expending further funding. However, after receiving assurances from CalOES that the funding would be reimbursed, staff allowed the project to continue to completion.

CONCLUSION:

The landscape of federal funding and associated legal challenges continues to evolve. Staff will continue to monitor the situation.

COORDINATION:

This report was coordinated with all Town Departments.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Town Federal Funding Update August 2025