



TOWN OF LOS GATOS
COMPLETE STREETS AND
TRANSPORTATION COMMISSION

MEETING DATE: 12/11/2025

ITEM NO: 4

DATE: December 3, 2025
TO: Complete Streets and Transportation Commission
FROM: Saurabh Nijhawan, Senior Civil Engineer
SUBJECT: Supplemental Information on Pavement Management Program

RECOMMENDATION

Staff recommends that the Complete Streets and Transportation Commission (the Commission) recommend to the Town Council that the Town maintain the current annual funding level of \$3.7M per year for street resurfacing and decrease our Townwide PCI goal from 85 to 80.

Background

On November 13, 2025, Staff presented a report on the pavement management program and the pavement condition of the Town of Los Gatos Streets (Attachment 1). The report asked the Commission to provide an appropriate target pavement condition index (PCI) goal. The Commission requested additional information before providing any specific policy guidance.

The purpose of this supplemental report is to respond to the Commissioner's request for information, and to discuss:

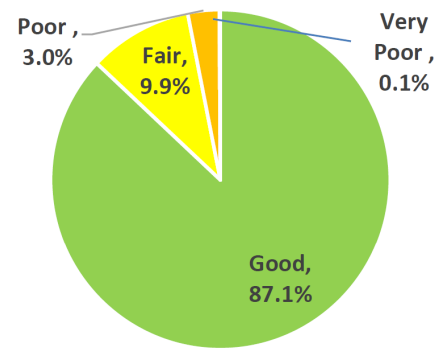
- The relationship between PCI and Annual Budget Levels;
- The Town's historical PCI objective, current PCI rating, and future PCI goal;
- Funding Sources that support Pavement Management Program; and
- Policy Guidance on whether staff should maintain current PCI of 82 or maintain the current annual pavement program funding level.

Discussion

The recent P-TAP 25 pavement condition report (see link as Attachment 2 below) concluded that our townwide PCI score is 82. This places our roadway network in "Good" condition within the optimal PCI range of 80 to 85. The deferred maintenance backlog is projected to be \$13.4M in 2025. The existing condition of the street network can be illustrated by the following graphic:

PREPARED BY: Saurabh Nijhawan
Senior Civil Engineer

Condition Class	PCI Range	Arterial	Collector	Residential	Total
Good (I)	70-100	18.1%	20.5%	42.2%	87.1%
Fair (II/III)	50-70	1.8%	2.1%	4.4%	9.9%
Poor (IV)	25-50	0.0%	0.4%	1.7%	3.0%
Very Poor (V)	0-25	0.0%	0.0%	0.1%	0.1%
Totals		19.9%	23.0%	48.4%	



The PTAP report evaluated four funding scenarios for the five-year period (2025 – 2029). The scenario, budget, projected PCI values, and the resulting deferred backlog amounts can be found in the table below:

Scenario	Description	Annual Budget	5-Year Budget	Projected PCI (2029)	Deferred Backlog (2029)	Outcome
1. Optimal Investment	Provides sufficient funding to raise network target PCI with no Deferred Backlog	\$8.1M	\$40.4M	84	\$0	Improves and optimizes network condition
2. Current Funding Investment	Continues current ~\$3.7M/year investment	\$3.7M	\$18.6M	80	\$17.4M	Leads to gradual decline from current condition
3. Maintain Current PCI	Increases funding to avoid network decline	\$5.2M	\$26M	82	\$11.5M	Stabilizes pavement condition
4. No Maintenance Funding	Ceases all pavement preservation work	\$0	\$0	76	\$33.6M	Rapid deterioration and significant long-term cost increase

Below is a discussion of the issues brought up at the November CSTC meeting:

Relationship between PCI & Annual Budget Levels

As can be seen above, the P-TAP links annual investment to the trajectory of the Town's future PCI and deferred maintenance backlog. In general, lower budgets result in a decline in future PCI, and higher deferred maintenance backlog.

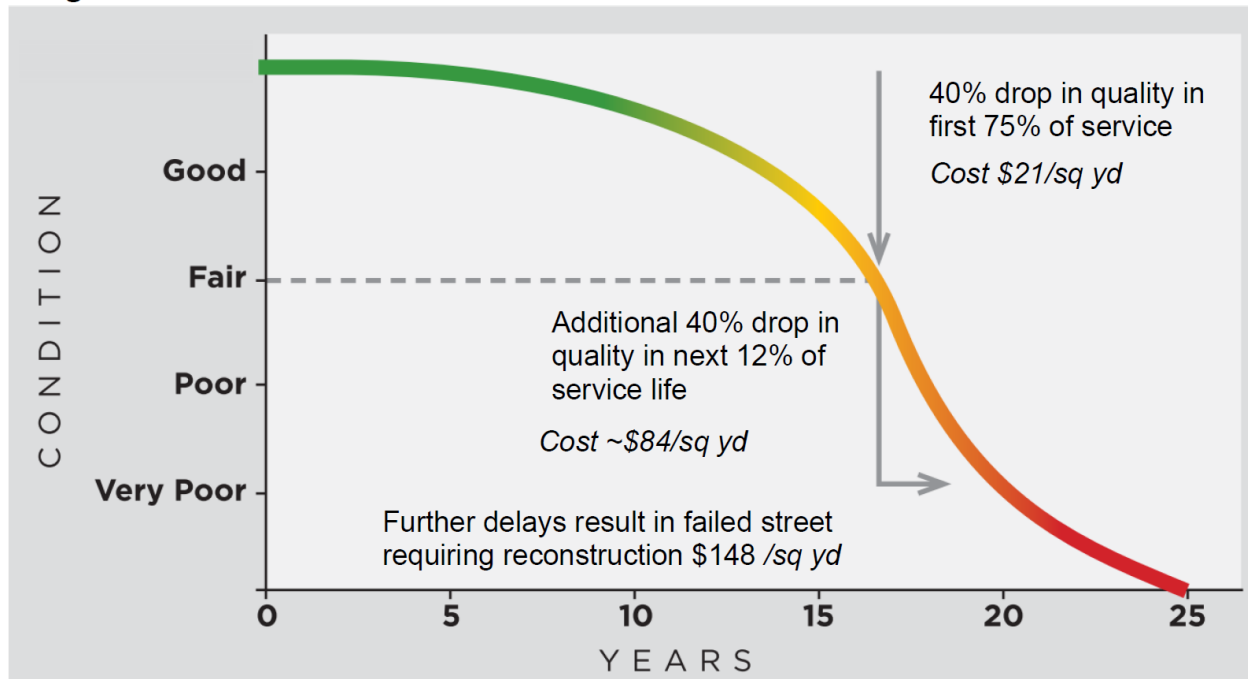
Scenario 1 (Optimal Investment) requires an annual investment of \$8.1M in our pavement program. Given the current funding challenges facing the Town, and that this funding only increases our Town PCI from 82 to 84, this approach is not recommended.

Scenario 2 (Current Funding Level) is projected to result in a slight decrease in the townwide PCI over the next five years and increase in maintenance backlog from \$13.4M to \$17.4M. This will result in more streets requiring more expensive rehabilitation treatments in the future.

Scenario 3 (Maintain Current PCI) is projected to hold the townwide PCI at 82, and reduce the backlog slightly, keeping most of our network within the range of preventative treatments. However, this also requires an increase to our annual paving budget of \$1.5M, from \$3.7M to \$5.2M.

Scenario 4 (No Maintenance Funding) is not an alternative the Town should consider. The Town's paved streets is one of the most, if not the most, valuable assets the Town owns. Maintaining the Town's infrastructure should be considered a high priority for the Town. This alternative drops the Town's PCI significantly over the next five years (82 to 73) and increases the deferred maintenance backlog to over \$33M at the end of that five-year period. It would then be extremely costly to get the Town's PCI value back up to 80 without significant future investment. This approach is not fiscally responsible.

Studies show that every dollar spent in preventative treatment can avoid four to eight dollars in future rehabilitation costs. The guiding principle is that it is far more cost-effective to maintain pavement in good condition than to allow it to deteriorate to the point where major repair or reconstruction is required. As can be seen in the figure below, the longer a pavement surface is allowed to deteriorate without any kind of treatment, the quicker it deteriorates, and the more expensive it is to maintain.

Figure 1 – Street Condition over time

Historical PCI objective, Current PCI condition, and Future PCI goal

In the last six years, the Town's PCI has increased significantly. According to the P-TAP report in 2019, the townwide pavement network had a PCI score of 69. By the 2022 P-TAP, the townwide pavement network increased to a PCI score of 73, bringing our network into the "Good" condition category. With consistent annual investment, the PCI has now increased from 73 to a score of 82, moving our network into what is known as "Optimal" range. This has resulted in a significant number of streets shifting into the range of preventive treatment.

The current PCI of 82 is well within the MTC defined optimal PCI band of 80 to 85. Being in this band means most of our streets are eligible for low-cost preventative treatment, like micro-surfacing treatment, rather than full repaving or reconstruction. Having achieved the previous Town PCI goal of 80, the Town recently increased its PCI goal to 85.

Funding Sources that Support the Pavement Management Program

One of the key discussions regarding pavement management is centered around how the paving program is funded. The pavement management program is primarily funded through the following sources:

- Gas Tax (including SB-1 – Road Repair and Accountability Act)
- Countywide Sales Tax (Measure B)
- Vehicle Registration Fee (VRF)
- Construction Impact Fee
- Refuse Vehicle Road Impact Fee

Most of these funds are restricted for transportation and street purposes only. For example, Gas Tax, SB1, Measure B, Refuse Vehicle Impact Fee, Vehicle Registration surcharge, cannot be redirected to non-transportation uses. Furthermore, some funds require a level of expenditure in order to continue receiving funds.

Policy Guidance - Maintain Current PCI of 82 or Maintain Current Funding Level.

The P-TAP 25 report recommends, as a primary goal, to increase the Town's roadway condition to a PCI to 84 with \$0 deferred maintenance backlog, at an annual cost of \$8.1 Million.

However, staff recognizes that the current Town budget may not allow for this type of investment.

This leaves us with two reasonable scenarios to consider: keeping our current PCI level (82) or keeping our current funding level (\$3.7M per year). Staff is requesting the CSTC to consider these two alternatives:

- Should the Town set a goal to **maintain the PCI at 82** (Scenario 3), increasing annual funding as needed to maintain this level? or;
- Should the town **maintain current funding level** (Scenario 2), resulting in a slight decline in PCI, and increase in the deferred backlog.

Given the current budget challenges, staff does not believe a request for additional \$1.5M annual contribution to our paving program to maintain the PCI level at 82 is realistic at this time. Staff recommends maintaining the current funding level of \$3.7M per year and to decrease our Town PCI goal from 85 to 80. This will result in a gradual decrease in PCI over the next five years from our current PCI of 82 to a PCI of 80 in 2029. This will also slightly increase our deferred maintenance backlog from \$13.4M to \$17.4M. The Town will be eligible for another P-TAP grant in 2028 that will fund a consultant to reevaluate the PCI values of all streets in Town and generate an updated Townwide PCI value. Funding of the paving program can be reevaluated at that time.

Conclusion

The P-TAP25 update provided a number of paving scenarios for the Town to consider. The Town's roadway network is currently in "Good" condition with an average PCI of 82, reflecting consistent investment and effective pavement management practices. Without continued preventative maintenance, the Town's pavement conditions will decline over time. The funding scenarios analyzed through the 2025 P-TAP25 update demonstrate that maintaining our current PCI value requires a \$1.5M increase to our annual paving program budget. Given our current Town budget challenges, staff recommends maintaining our current funding level of \$3.7M annually, which will result in a slight decrease to our overall PCI over the next five years. Staff will continue to evaluate pavement needs and funding strategies through the annual Capital Improvement Program process to support long-term pavement preservation.

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SUBJECT: Supplemental Information on Pavement Management Program

DATE: December 4, 2025

Attachments:

1. CSTC Staff Report – Item #3 Pavement Management – November 13, 2025
2. [Pavement Management Budget Options Report 2025](#)