



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/06/2024

ITEM NO: 9

DESK ITEM

DATE: February 6, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive a Status Report on Capital Improvement Projects and Provide
Direction for the Fiscal Year 2024/25 – 2028/29 Priorities

REMARKS:

In response to Council Members' questions, staff has provided the following responses in italics to the summarized questions:

- 1. What was the total amount of capital available to fund all the CIP projects listed at the end of FY 23? Is the total amount of \$44,505,101 (bottom of "current funding of CIP" schedule) fully funded?**

The 23/24 budget information shown in Attachment 1 shows a total of \$44,505,101 allocated to the 2023/24 CIP. This includes various sources of funding including GFAR, grants, permit fee revenue, gas tax and various other sources. Some of these, like GFAR, are fully funded.

Others, such as grant revenue, represent funding promised through grant agreements but for which the Town must seek reimbursement. One example of this is Project 4505 – Los Gatos Creek Trail to Highway 9 Trailhead Connector Project. Attachment 1 shows the 2023/24 budget for this project to be \$8,829,851. Of this amount, \$7,711,306 is from grant sources that will be reimbursed to the Town.

Other capital sources such as Measure G, gas tax revenues, storm drain funds, permit fee revenue, etc. are included in the \$44,505,101 based on both existing available funding and projected revenues to be received during the fiscal year.

PREPARED BY: Nicolle Burnham
Director of Parks and Public Works

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REMARKS (continued):

2. **The total CIP adopted for FY 24 was \$37,771,822. The current CIP schedule now shows \$44.5M as the FY 23/24 budget. What is driving the \$6.7M increase and where did the funding come for this increase?**

The \$37,771,822 included an estimated \$27,646,692 in carryforward funds in addition to \$10,125,131 in new funding as reported the adopted CIP (See Page A-7). The carryforward funds presented in the adopted CIP represent the projected carryforward amount as of March 2023. The actual carryforward amount at the close of the budget year was higher than originally projected, which represents the \$6.7M increase. In other words, capital funding was not spent as quickly between March and fiscal year end as staff predicted. This is the result of a vacancy in the CIP engineering team.

3. **Why does Table 3 of the staff report include Hwy 17/9 interchange of \$8.6M and Highway 17 bicycle bridge of \$6.3M of “estimated additional funding required” if these amounts were included in the TIF that was just approved? My understanding is that the costs are now funded by the TIF.**

Both of these projects were included in the Transportation Impact Fee (TIF) at the “Estimated Additional Funding Required” levels presented in Table 3. The values presented in the TIF represent the Town’s share of design and construction costs as of 2022. Staff recognizes that the actual cost of construction may vary based on future design decisions (e.g., CalTrans criteria, environmental review, value engineering, etc.) and inflationary pressure. For this reason, the costs are presented here as “Estimated Additional Funding Required” at the same levels shown in the TIF. The values in the adopted TIF and shown in Table 3 are the same and are based on the best available information regarding these project costs.

Also, please note that there are various potential sources of funding to meet the “Estimated Additional Funding Required” in Table 3, including future TIF revenues. With this current item, staff is asking for Town Council feedback on project priorities. Once the priorities are known, staff will identify appropriate funding strategies and sources to deliver the projects.

Attachment 6 contains public comments received between 11:01 a.m. Monday, February 5, 2024, and 11:01 a.m. Tuesday, February 6, 2024.

Attachment 7 contains the staff slide presentation that will be given at this evening’s meeting.

Attachment 8 contains the revised Attachment 1.

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COORDINATION:

The preparation of this Desk Item was coordinated with the Finance Department and the Town Manager's Office.

Attachments received with the Staff Report:

1. Current Funding of CIP FY 2023/24 – 2027/28
2. Status of Currently Funded One-Time Capital Projects
3. Staff Memorandum to Parks Commission dated September 28, 2023
4. Public Comment Received Prior to 11:00 AM on February 1, 2024

Attachment received with the previous Addendum:

5. Public comments received between 11:01 a.m. Thursday, February 1, 2024, and 11:00 a.m. Monday, February 5, 2024.

Attachments received with Desk Item:

6. Public comments received between 11:01 a.m. Monday, February 5, 2024, and 11:01 a.m. Tuesday, February 6, 2024.
7. PowerPoint presentation
8. Revised Attachment 1 - Current Funding of CIP FY 2023/24 – 2027/28