



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 02/06/2024

ITEM NO: 9

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DATE: January 26, 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

**RECOMMENDATION:**

Receive a status report on Capital Improvement Projects and provide direction for Fiscal Year 2024/25 – 2028/29 priorities.

**EXECUTIVE SUMMARY:**

The Town of Los Gatos Capital Improvement Plan currently includes 63 funded projects. Eleven of these are ongoing projects that receive annual funding with work completed each year to ensure high quality infrastructure. The remaining 52 are one-time projects that are specialized improvements or upgrades.

This report provides the status of current projects and proposes the following potential priorities for Town Council direction:

1. Continue to fund the ongoing projects (see Table 2), consider additional funding for the ADA compliance work, and restore Annual Restriping Projects.
2. Increase funding as available for six existing one-time projects (see Table 3).
3. Consider two new projects at the Town's Parks and Public Works Yard that are critical to operations and consider an increasing the Pavement Condition Index (PCI) goal from 75 to 78.
4. Direct staff on how to prioritize implementation of five potential new projects.

Council's direction will inform the development of a proposed five-year Capital Improvement Plan (CIP).

**PREPARED BY:** Nicolle Burnham  
Parks and Public Works Director

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

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**BACKGROUND:**

The Town of Los Gatos Capital Improvement Plan (CIP) supports the safe and efficient operation and management of Town-owned infrastructure and assets. Town-owned assets include 17 park and open space areas that total 223 acres, nine miles of trail, 113 miles of roadways (236 lane miles), 576,000 linear feet of sidewalks, 31 traffic signals, 2,100 street lights, 12 public buildings totaling 139,373 square feet, and 23 surface parking lots (including lots in parks), and one underground parking structure. These major assets are supported by ancillary assets like restroom buildings (five total), storm drainage systems, retaining walls, and traffic signs.

Each year, staff evaluates projects for inclusion in the five-year Capital Improvement Plan and makes recommendations to add or delete projects and/or increase funding for certain projects. Capital Projects are allocated by Programs and Project Types as noted in Table 1.

**Table 1. List of CIP Programs and Project Types**

<b>Program Name</b>	<b>Project Type</b>
Streets	Street Reconstruction and Resurfacing Street Repairs, Maintenance and Safety Street Improvements Bridges
Parks and Trails	Parks Trails
Public Facilities	Town Infrastructure Equipment

The purpose of this report is to provide Town Council the opportunity to review the status of existing projects and provide direction for potential new projects should funding be available. Council’s direction will inform the development a proposed five-year Capital Improvement Plan. The current funding status of projects in the current CIP and spending through December 31, 2023 is presented in Attachment 1.

In preparing the CIP, consideration is given to the amount of funding available and/or anticipated from a variety of various funding sources – Measure G, Construction Impact Fees, Gas Tax, Utility Undergrounding Fees, Refuse Vehicle Impact Fees, Measure B, Traffic Mitigation Fees, Storm Drainage Fees, Grant Funds and, when available, the General Fund Special/Capital Projects Reserve. The availability of funding from these sources varies from year to year. Many of these have specific dedicated uses and so must be applied to specific projects (e.g., roadway resurfacing or storm drainage improvements).

BACKGROUND (continued):

Existing Capital Projects

Capital projects as presented in the CIP are either ongoing with funding added annually, or one-time projects that have a specific scope with a start and end date. Table 2 lists the current ongoing annually funded capital projects.

**Table 2. Ongoing and Annually Funded Capital Projects (2023/24 – 2027/28 CIP)**

Project Name	Project No.	Funding Program	Project Purpose <sup>1</sup>
Street Repair & Resurfacing	811-9901 / 811-9903	Streets	1,2,3,5
Unanticipated Repairs - Annual	811-9904	Streets	1,4
Roadside Fire Fuel Reduction	812-0130	Streets	1,5
Measure B Education & Encouragement	812-0134	Streets	1,2,3
Curb, Gutter, Sidewalk Maintenance	813-9921	Streets	1,3,4
Retaining Wall + Guardrails Repairs	815-9930	Streets	1,2,3,5
Annual Storm Drain Improvement Project	816-0420	Streets	1,3,4,5
Town Beautification	821-2002	Public Facilities	3,5
Annual ADA Compliance Work	821-2013	Public Facilities	1,3,4,5
Parks Playground Fibar Project (Bi-Annual)	831-4605	Parks and Trails	1,3,4
Vegetation Management Town-wide	832-4508	Parks and Trails	1,5

Notes: 1. Project Purposes are: (1) Safety, (2) Traffic/Transportation, (3) Quality of Life, (4) Regulatory or Legal Mandate, (5) Effective Management of Existing Assets and (6) Improvement

In addition to the 11 ongoing annually funded projects, the current capital plan includes 52 one-time projects. While these one-time projects may span numerous years, the project is still considered one-time in that it has a specific starting and ending point. Attachment 2 provides the list of these projects and their status. Some of these one-time projects are noted as being on hold at the present time. This is attributed to a vacancy in the lead Engineering position on the Capital Projects delivery team, and the need to address specific issues on other projects in 2023. The Shannon Road (Diduca Way to Santa Rosa) lane closure in August 2023 and subsequent temporary repair in December 2023 is an example of the issues that required attention of the Engineering Team.

BACKGROUND (continued):

Staff expects to close the following projects before the end of the 2023/24 fiscal year:

- Traffic Signal Modernization (Project No. 813-0227)
- Storm Related Repairs (Project No. 813-0243)
- Downtown Parking Lots Seal coat & Restriping (Project No. 817-0705)
- Downtown Restroom Feasibility Study (Project No. 821-2011)
- Adult Recreation Center - HVAC Unit Replacement (Project No. 821-2207)
- HVAC Improvements – POB (Project No. 821-2403)
- ADA Upgrade Public Restrooms - Adult Recreation Center (Project No. 821-2601)
- Americans with Disabilities Act (ADA) Transition Plan project (Project No. 812-0129)
- Local Road Safety Plan (Project No. 812-0132)
- Winchester Boulevard Complete Streets Final Design (Project No. 813-0238)

Additional projects may be closed depending on work progress through Spring 2024. Staff is proposing to close the Americans with Disabilities Act (ADA) Transition Plan project (Project No. 812-0129) and increase funding in the annual and ongoing category (Project No. 821-2013) to support compliance work.

DISCUSSION:

In considering funding priorities for the CIP, staff follows the guidance provided by various Town documents, including: [Council Strategic Priorities](#), [General Plan](#), [Bicycle and Pedestrian Master Plan](#), Pavement Management Program, Stormwater Master Plan, Facilities Condition Assessments, the ADA Transition Plan, and legislative mandates. Project ideas and needs are also identified from field observations by Town staff, input from residents, and ideas from Town Commissions.

For this discussion and to provide insight into the considerations for CIP recommendations, projects are presented and discussed in four categories:

- 1) Ongoing and Annually Funded Projects;
- 2) Underfunded Existing One-Time Projects;
- 3) Infrastructure Backlog Items;
- 4) Other Projects for Consideration; and
- 5) Los Gatos Theater.

With this current report staff is not recommending specific funding allocations as these will be dependent on the budget forecast, which is anticipated to be reviewed by Town Council at the February 20, 2024 meeting. Once accepted by Council, staff will recommend funding

DISCUSSION (continued):

allocations across the priority projects identified through the direction provided for this current item.

*Ongoing and Annually Funded Projects*

Each of the ongoing projects noted in Table 2 support various identified strategic initiatives of the Town, such as quality public infrastructure, safety for all modes of travel (motorist, cyclist, and pedestrian), and playground safety. Staff is recommending that these project categories continue to be funded annually. Staff recommends that consideration be given to increasing the level of funding for the ADA compliance work. Additional funding would support implementation of improvements and the required ongoing management of the database that tracks the Town's ADA compliance efforts.

It is also recommended that one new category be added/restored: Annual Street Restriping. The ongoing and annually funded Annual Street Restriping project (formerly Project No. 811-9902) was eliminated in the 2023/24 CIP. This change was made because this work can often be combined with the Annual Street Resurfacing Project (Project No. 811-9901). However, during this year, it became clear that having a separate funding source would provide flexibility in executing one-off street restriping projects that are sometimes needed. For example, restriping crosswalks can often be needed at times and in locations that do not coincide with the Annual Street Resurfacing Project.

*Underfunded Existing One-Time Projects*

Consistent with past Council direction, this review of capital projects identifies opportunities to provide additional funding for underfunded projects already in progress to help move them forward to completion. Given the progress on projects in 2023/24, staff is recommending funding increases on a very limited number of projects as presented in Table 3. If Council wishes to add funding to these projects, the actual amount of funding to be added will be determined based on available capital funding and will be included as part of the proposed five-year Capital Improvement Plan.

DISCUSSION (continued):**Table 3. Staff Recommended Priorities for Additional Funding to Existing One-Time Projects**

Project Name	Project No.	Funding Program	Project Purpose <sup>1</sup>	Past Funding (From Attachment 1)	Estimated Additional Funding Required <sup>2</sup>	Rationale for Additional Funding
Shannon Road Repair (Stabilization)	811-0008	Streets	1,2,3,5,6	\$4,517,943	\$130,000	Anticipated property acquisition costs
Hwy 17/9 Interchange and Capacity Improvements - Hwy 17 Congestion Relief Project (@ SR 9)	813-0237	Streets	1,2,3,6	\$3,867,000	\$8,600,000	Estimated Town match \$11M required. Existing CIP proposes \$800,000 per year starting in 2025/26.
Highway 17 Bicycle & Pedestrian Bridge - Design	818-0803	Streets	1,2,3,6	\$3,786,885	\$6,322,156	Past allocations funded design. Project design to be complete in 2024. Matching funds for construction grants will be needed.
Civic Center Plumbing Repair	821-2120	Public Facilities	5	\$40,000	\$120,000	Existing funding is inadequate for the level of work required. Staff suggests additional modest funding per year over the next four years.
Town Plaza Turf Repair	831-4202	Parks and Trails	3,5,6	\$42,000	\$40,000	Existing funding is not adequate to complete meaningful improvements to address root intrusion and grass impacts.
Creekside Park Turf Replacement	831-4404	Parks and Trails	1, 5	\$500,000	\$500,000	Existing funding covers portion of the cost. Community group may fund up to \$200,000

## Notes:

1. Project Purposes are: (1) Safety, (2) Traffic/Transportation, (3) Quality of Life, (4) Regulatory or Legal Mandate, (5) Effective Management of Existing Assets and (6) Improvement.
2. Preliminary opinion of needs over the life of the project. Funding for some projects may be spread over multiple years.

DISCUSSION (continued):

Infrastructure Backlog Items

When considering new projects for future funding, staff continues to consider the project needs that were identified in the [CIP report](#) presented as Item 13 in the Town Council meeting of March 1, 2022. Needs that were identified in March 2022 included:

**Facilities Needs:** Facility assessments were completed in 2022 for all Town-owned facilities and deficiencies were identified. While the total 15-year funding need for facilities was estimated to be \$19,957,500, five buildings represented 84.5% of that cost: Adult Recreation Center (\$2,051,500), Civic Center (\$6,424,000), Library (\$1,620,000), Police Operations Building (POB) (\$1,492,500), and the Theatre (\$5,274,500). Minor improvements (characterized as less than \$1 million per building 15 years) were identified at park restrooms, the Parks and Public Works Yard, and the Youth Recreation Center. Prior capital budgets addressed facilities related needs and these improvements are currently underway. Notably, there is some overlap between these costs and the ADA Upgrade Requirements.

In spring 2024, staff will be compiling the deficiencies noted in these assessments and working to develop a long-term capital plan for the Town's buildings. In the meantime, certain critical needs have been identified that staff recommends considering for priority:

- Replacing the Transfer Switch and Generator at the PPW Yard: The transfer switch was recommended for replacement in early 2023. These components are outdated. In danger of failing, and replacement parts are no longer available for them. If the PPW Yard loses power, then numerous PPW operations would cease, as would the Town's ability to fuel vehicles at the service yard.
- Improvements to the Fleet Servicing Bays: The Town employs 1.5 FTE mechanics to manage the more than 80 vehicles in its fleet, making efficiency critical to maintaining operations. The current fleet bay is too small for certain larger vehicles that the Town owns. When these vehicles are being repaired the bay doors to the building cannot be secured. As such, the mechanics need to move vehicles in and out of the bay each workday which often means reassembling vehicles, moving them to the yard, and then having to disassemble them again the next day. Reconstructing the garage is cost prohibitive so staff has identified a location to install a covered workspace and add paving to allow for work to be completed on these larger vehicles without needing to bring them into the garage. This would allow the vehicles to remain disassembled overnight and improve the efficiency of the fleet management.

DISCUSSION (continued):

**Pavement Maintenance:** In 2016, an assessment of street pavement was conducted and revealed a Pavement Condition Index (PCI) of 67, on a scale of 1 (Lowest) to 100 (new roadway). Based on this, the Town Council set a PCI goal of 75. The current PCI is 75. It is common for the PCI goal to be increased as a goal is achieved. Therefore, the Town should be considering an increase in PCI goal to 78. Funding of \$4.4 million annually is required to achieve that goal.

It should be noted that the pavement maintenance funding serves a dual role, whenever possible, of enhancing crosswalks for pedestrian safety and providing bike lanes. When planning paving projects, the design team considers necessary bicycle and pedestrian improvements and incorporates those into the work plan each year.

**Stormwater Infrastructure:** In 2020, a project was created to perform Stormwater Master Planning. While initially conceived as a Town-wide project, the funding was not adequate to analyze drainage systems throughout the Town so a select number of systems were evaluated and improvements were recommended. The value of those improvements were estimated at \$15M in 2020 dollars. New projects were added last year to address deficiencies in the storm drainage system and these projects will be advanced in 2024. No new projects are proposed for this year so staff can focus on delivering the existing projects.

Other Project for Consideration

There are certain new projects that staff recommends for consideration. These include:

- Resurfacing tennis courts at Blossom Hill Park and LaRinconada Park: Staff has been working with Los Gatos Saratoga Recreation and the Parks and Sustainability Commission to mitigate the impact of pickleball play at LaRinconada. Concerns regarding noise associated with pickleball was discussed in detail at the October meeting of the Parks Commission (now Parks and Sustainability Commission). A copy of the staff memo on this topic is included in Attachment 3. At that meeting the Commission recommended restriping one court at Blossom Hill Park for the dual use of tennis and pickleball. Staff indicated this idea would be included for Council consideration during development of the capital budget. In addition to the need for additional pickleball courts, the courts at both parks require resurfacing. The resurfacing of courts was proposed for the 2023/24 CIP but not funded.
- Coating the Air Force Plane at Oak Meadow Park: This work is required in accordance with our agreement with the United States Airforce and is overdue to be completed. The work serves to preserve the plane.



DISCUSSION (continued):

- Blossom Hill Road Safety Improvements: The Town of Los Gatos has been awarded a federal grant through the Safe Streets for All (SS4A) Program to complete planning for potential safety improvements on Blossom Hill Road from Union Avenue to Camden Avenue. This work will be coordinated with the City of San José (CSJ). The grant includes a requirement for a local 20% match of \$160,000. Staff anticipates splitting this match with CSJ and will pursue the appropriate agreement for this cost share. With that cost share, the Town of Los Gatos will need to provide matching funds of at least \$80,000 for its portion.
- Townwide Parks Master Plan: The Town has 17 park and open space assets under its control. There is no recent evaluation of these spaces, nor recent targeted engagement with the community to determine if the available assets are meeting the Town's needs. In addition, with potential future residential growth, staff recommends that planning be undertaken to ensure there are adequate park resources to meet future demands.
- Streetscape enhancements on Overlook Road between Chestnut Avenue and Wissahickon Avenue: The recent removal of 18 eucalyptus trees caused damage to the asphalt pathway along the road, and there are now no street trees in this location. Residents of this area have expressed interest in having new trees planted. There is no dedicated funding source for this work. Staff is evaluating removal of the remaining asphalt using operating funds while the next steps of this work would need additional funding.
- Downtown Streetscape: The existing project named Downtown Streetscape Revitalization / Economic Recovery Efforts (Project No. 813-0235) was created with the idea of re-visioning and reconstructing Santa Cruz Avenue from Highway 9 to Broadway. Past funding was used to construct parklets and was augmented with American Rescue Act Plan (ARPA) Replacement Revenue Funding. Santa Cruz Avenue will be scheduled for repaving within the next three years as part of the annual paving project. Staff would like direction regarding whether that should be delayed to allow for a streetscape design should be considered to enhance the overall appearance of this road.
- Event Closure Implementation for Montebello Way: Montebello Way is heavily used for downtown events and is regularly subject to closures from vehicular traffic. Staff has evaluated installation of collapsible bollards across both ends of this road to make event related closures easier to complete, and more consistent in its implementation.

DISCUSSION (continued):

Los Gatos Theatre

The agreement for operation of the Los Gatos Theatre is intended to be self-sustaining, with required capital improvements funded from rental payments. Operation of the theater is entering its second year so the available funding for capital improvements is still being evaluated. Recognizing that the Town cannot fund significant improvements until further into the contract term, the theater operator, CineLux, funded and completed certain improvements to ensure the quality of their guest experience and will seek reimbursement for some of these through the agreement. In addition, CineLux has asked staff to consider funding the replacement of seats in both auditoriums. The seat replacement will not be proposed to Council until sufficient funding is available in the Theatre Fund to cover the approximately \$300,000 in costs but is mentioned here for information purposes.

CONCLUSION:

It is unlikely that there will be adequate capital funding available to fund all of the town's needs. At this time staff is seeking feedback from Town Council regarding their priorities for allocating what funding may be available.

COORDINATION:

This memorandum was coordinated with the Town Manager, Town Attorney, and Finance Director.

FISCAL IMPACT:

This item provides direction regarding capital funding priorities to be considered in building the five-year CIP for 2024/25 through 2028/29. No specific budget actions are proposed at this time.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

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