



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/19/2025

ITEM NO: 13

DATE: August 19, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Provide Direction for the Distribution of \$155,000 Included in the FY 2025-26 Budget for Community Grants**

RECOMMENDATION: Provide direction for the distribution of \$155,000 included in the FY 2025-26 budget for Community Grants.

FISCAL IMPACT:

\$155,000 was allocated for Community Grants as part of the FY 2025-26 budget by Council motion on May 20, 2025. The direction for allocation of these funds does not create an additional fiscal impact.

STRATEGIC PRIORITY:

This item supports the Core Goal of Fiscal Stability and the strategic priority to develop a structure to ensure accountability of how funding resources move forward the Town's core goals and priorities.

BACKGROUND:

As part of the preparation and adoption of the FY 2025-26 budget, the Town Council discussed Community Grants at Budget Study Session on April 22, 2025, and again during the budget discussions on May 20, 2025. While several ideas and recommendations were discussed, the final action of the Council on May 20, 2025, was simply to allocate \$155,000 to the Community Grants line item, with distribution of that amount to be discussed in August.

Discussion highlights from the April 22nd and May 20th meetings included whether or not to continue a Competitive Grant program in the future, the possibility of outsourcing the work of

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

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grant administration to a third-party foundation, and possible interest in adding Sustaining Grant funding to the St. Vincent de Paul laundry service program at \$2,000.

For additional background reference to aid discussion, Attachment 1 provides tables showing the detailed breakout and accounting for all grants and giving to non-profit organizations for the past four years, including those provided through ARPA replacement funding.

DISCUSSION:

Sustaining Grants are non-competitive operational grants to select human services non-profits with long partnership histories with the Town and strong alignment to Town priorities, and are given with the purpose of sustaining the core service or operations of the non-profit recipient.

At the April 22nd and May 20th meetings, \$126,800 was proposed to fund the following sustaining grants:

- \$48,000 to Live Oak Nutrition for nutrition services,
- \$20,000 to West Valley Community Services for human services support,
- \$20,000 to West Valley Community Services for rental assistance,
- \$12,500 to Counseling and Support Services for Youth (CASSY) for mental health support,
- \$12,500 to Next Door Solutions to Domestic Violence for domestic abuse victim services,
- \$6,000 to St. Luke's Episcopal for food pantry support, and
- \$7,800 to Los Gatos Methodist for shower program support.

While discussed at the May 20th meeting, this list does not include funding for the laundry program through St. Vincent de Paul as there was no official motion of the Council to add it at the time.

Staff requests that the Council give direction on the following:

1. Would Council like to move forward with the proposed Sustaining Grants or make any changes?

Competitive One-time Grants are open to all classes of non-profits to fund one-time projects. No organization is guaranteed that its application will rank high enough to receive funding. They do not impact the operating budget of any organization, as these funds were never intended or structured to serve that purpose.

Staff requests that the Council give direction on the following:

2. If there are remaining funds that are not allocated as Sustaining Grants, would Council like to make them available as Competitive One-time Grants?

Staff cost for administration was considered. Staff received quotes from third-party foundations to administer Competitive Grants; however, it was found that this was cost-

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prohibitive. As such, the process will need to remain internal at a staff cost of 112 hours (estimated indirect cost of \$20,600). It may be possible to reduce the workload by reducing the number of applications received and/or by reducing the number of grants to be administered.

Staff requests that the Council give direction on the following:

3. If Competitive One-time Grants continue, would Council consider any of the following modifications to the competitive program that may result in a staff workload reduction:
 - Only allow an organization to receive a competitive award every other year, rather than remaining eligible every year (i.e., if an organization has a successful application that is awarded in FY 2025-26, they would not be eligible to reapply again until FY 2027-28). Organizations that are unsuccessful will still be able to apply again the following year. This would potentially cut the number of applications for processing in half and may additionally provide opportunities for a wider range of recipients to be successful over a two-year period.
 - Lower the maximum grant award amount to \$5,000 or less. We have seen very successful projects for under this dollar amount, so it is known that funding at this level can be useful, while at the same time, it may potentially reduce the number of applications if organizations decide the funding level is not worth the dollar amount limitations.
 - Reduce the number of awards given to reduce contracts and reporting by earmarking a smaller total competitive grant fund pool.
 - Stipulate that 100% of the service or event funded by the grant takes place within the municipal boundaries of incorporated Los Gatos. This will reduce/eliminate the number of applications that, while benefiting Los Gatos residents, operate with a more regional focus or whose proposed grant project extends into the areas that are the jurisdiction of Santa Clara County, unincorporated Los Gatos mountain communities, Saratoga, Monte Sereno, etc. This would not bar an organization headquartered outside of Los Gatos from applying, so long as the service or project seeking grant funding remains fully inside the municipal limits of Los Gatos.

Additional clarification on specific aspects of the Community Grant program would also be helpful for staff administration of the program going forward. Staff requests that the Council give direction on the following:

4. Is the Council's intention for the composition of the grant reading/rating pool to include two members of the Arts and Culture Commission, two members of the Community Health and Senior Services Commission, and one member of the Diversity, Equity and Inclusion Commission; OR would Council prefer a different composition of grant readers/raters.
5. Would the Council like to revisit Community Grants again during the Fiscal Year 2026-27 Budget Process; OR is Council comfortable committing to the direction given at tonight's meeting as a multi-year framework in keeping with the strategic priority to "develop

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structure to ensure accountability of how funding resources move forward the Town's core goals and priorities".

CONCLUSION:

Staff looks forward to Council's discussion and the questions above are summarized here for ease of reference:

1. Would the Council like to move forward with the proposed Sustaining Grants or make any changes?
2. If there are remaining funds that are not allocated as Sustaining Grants, would the Council like to make them available as Competitive One-time Grants?
3. If Competitive One-time Grants continue, would the Council consider the following program modifications:
 - Only allow an organization to receive a Competitive One-time award every other year, rather than remaining eligible every year?
 - Lower the maximum grant award amount to \$5,000 or less?
 - Reduce the number of awards given?
 - Stipulate that 100% of the service or event applied for takes place within the municipal boundaries of incorporated Los Gatos?
4. Who would the Council prefer for the composition of the grant reader/rater pool?
5. Would the Council like to revisit Community Grants again during the Fiscal Year 2026-27 Budget Process; OR is the Council comfortable committing to the direction given at tonight's meeting as a multi-year framework?

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENT:

1. Community Grant Recipient Details from FY2021-22 through FY2024-25