



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/19/2024

ITEM NO: 1

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DATE: November 14, 2024  
TO: Mayor and Town Council  
FROM: Chris Constantin, Town Manager  
SUBJECT: Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos

**RECOMMENDATION:**

Receive and provide initial feedback on the preliminary report addressing the capital infrastructure needs of the Town of Los Gatos.

**EXECUTIVE SUMMARY:**

This report provides an overview of known Los Gatos' current and future capital infrastructure needs, highlighting both funded and unfunded projects critical to maintaining the Town's assets. Key areas of focus include ADA compliance, building assessments, and potential future investments such as police facility consolidation. This session initiates the first of ongoing discussions aimed at developing a long-term strategy to prioritize, fund, and address these needs effectively.

Table 1 is a summary of current projected costs of known capital needs as presented in the report.

The Town has made good strides in assessing Town facilities and identifying part of the scope of the capital needs, capital maintenance, as well as compiling new capital planned or desired. However, there does not appear to exist a coherent, strategic, and robust approach to capital spending. More work is necessary, and staff looking forward to building a coherent and clear strategy for its work. The focus going forward is intended to be thoughtful analysis, refining expectations to match what can actually be done with existing resources, and in a balanced manner, to take care of what we have before what we want.

**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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**Table 1. Summary of Current Known Capital and Maintenance Needs**

<b>Items / Need</b>	<b>Current Opinion of Potential Costs (2024\$)</b>
Town Owned Buildings - Maintenance	\$ 20,278,913
Town Owned Buildings – Capital Needs	\$ 1,490,000
Parks <sup>1</sup>	\$ 28,189,000
Storm Drainage	\$ 23,126,500
Streets and Roads	\$ 166,037,000
IT Needs	\$ 310,000

Notes:

1. Cost does not include restoration plans for Ross Creek and Los Gatos Creek as recommended in General Plan 2040.

As noted above information presented here is a first step in the process of building out a capital improvement program. In coming months staff will work to spread these costs over a multi-year horizon and develop a projection of annual capital funding that is needed to maintain and manage the Town’s existing infrastructure and complete projects currently in progress (e.g., Highway 17 Overcrossing at Blossom Hill Road). Staff will also continue to develop the annual projections of roadway resurfacing and curb, gutter, sidewalk repair work, which are currently not included in this discussion.

**BACKGROUND:**

The Town of Los Gatos prepares a Capital Improvement Program (CIP) Budget annually to address critical infrastructure projects deemed a priority by the Town Council. Historically, CIP funding has been constrained, leading to deferred maintenance and postponed projects across critical areas. This report serves as the starting point for a broader assessment to address these long-standing funding limitations and prepare a structured, sustainable funding plan for future needs.

Through this Study Session, staff is providing initial information about the unfunded capital needs of the Town to increase the Town Council and the public’s awareness of these items. This session is expected to be the first in a series of discussions designed to develop a holistic, long-term funding strategy to maintain existing infrastructure and explore the potential construction of new capital assets.

In recent years, when considering capital projects, the priority has been to:

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1. Continue to fund ongoing projects.
2. Increase funding for existing one-time projects when necessary to complete the project.
3. Consider new projects that are critical to operations.
4. Assess potential new projects if funding allows.

However, because available funding for capital projects is limited, many projects are deferred each year and not funded, which adds to the cumulative backlog of infrastructure needs. The impact of limited staffing resources to support project delivery has also hindered the Town's ability to complete necessary projects within anticipated timelines, further contributing to deferred maintenance and postponed capital improvements.

**Attachment 1** provides a 10-year summary of capital funding history, reflecting trends in ongoing and one-time types of funding levels. This overview is intended to inform ongoing discussions by highlighting the limitations in prior funding and their long-term implications on Town infrastructure.

As noted in this attachment, the source of ongoing funding comes from restricted Gas Tax funding, which is limited in use to transportation uses, such as public streets, roadways, bike, and pedestrian facilities. Additionally, the Town has a maintenance of effort to match this funding source resulting in additional investment from the General Fund for these transportation uses. The Town has been investing General Fund and other resources to the GFAR for use on capital projects, but such sources cannot sustain the ongoing transportation and facilities needs.

#### *Current Projects and Their Statuses*

**Attachment 2** includes an updated list of the currently funded Capital Improvement Projects (CIP), detailing each project's budget history, project lead, and current funding status. This list was initially presented to the Town Council in May 2024 and has been updated to reflect Fiscal Year 2023/2024 financial closeout and spending as of September 30, 2024.

Overall, current-year project spending has been lower than anticipated due to some projects scheduled for construction in Spring 2025, meaning spending will occur later in the fiscal year. Additionally, the pace of capital project delivery is impacted by limited staffing resources available to support these efforts. The Parks and Public Works (PPW) team responsible for project execution includes the PPW Director, the Superintendent, the Facilities Operations Manager, the Town Engineer, one Senior Engineer, one Assistant Engineer, and a Construction Project Manager.

The report highlights that these staffing constraints contribute to delays in project timelines, resulting in deferred maintenance and extended project durations. Despite these challenges, the team remains committed to advancing each project efficiently and effectively within available resources.

This section provides a snapshot of active projects and is intended to keep the Town Council and the public informed of progress and potential delays in improving the Town's infrastructure.

While this is an initial conversation, there is much more to be done to develop a comprehensive approach to capital needs that includes assessing the Town's present and future capacity to support both the capital and operational requirements of such capital. Additionally, a robust capital program should include the challenging process of prioritizing needs related to existing capital, future required capital, and other capital desires to match the funding available.

#### DISCUSSION:

Currently, the Parks and Public Works Department (PPW) maintains a comprehensive list of the Town's ongoing and unfunded capital project needs. These needs are categorized into three main areas: Facilities, Non-Facility Related Needs, and Potential Future Major Needs. Each category is described in detail below.

#### **Facilities Related Needs**

In Fiscal Year 2021/22, staff completed a thorough condition assessment of all Town-owned buildings. This assessment documented the current physical state of each property and identified necessary repairs and replacements anticipated over a 15-year period. The results of each assessment were compiled into individual reports for each building and consolidated into a summary table projecting expenses for all Town-owned properties.

Alongside these condition assessments, staff engaged Disability Access Consultants to evaluate all Town-owned buildings and assets (including parks, sidewalks, and other public spaces) for compliance with the Americans with Disabilities Act (ADA). ADA improvements commonly needed include adjustments to door pressures, automatic push bars, door widths, and walkway slopes. The resulting comprehensive database allows staff to systematically address ADA deficiencies as part of broader projects when feasible, and the database is regularly updated as improvements are completed. Because the database is comprehensive and includes a large volume of data, staff has calculated the total cost of improvements needed in each building and distributed them evenly across future fiscal years.

**Attachment 3** provides a summary of projected maintenance and repair needs for each Town-owned building, based on recent condition assessments and ADA compliance evaluations. This table consolidates anticipated expenses over a 11-year period, taking into account work already completed since the assessments. Current projections estimate that the Town will require approximately \$20.28 million (in 2024 dollars) over the next 11 years to address these needs comprehensively. This summary is intended to assist the Town Council in understanding the scope of required infrastructure investments and prioritize funding allocations accordingly.

### **Streets, Parks, and Other Non-Building Needs**

The Town also tracks long-term capital needs for non-building assets, which include streets, parks, sidewalks, and other community infrastructure. **Attachment 4** lists future projects identified in these areas, including ADA compliance upgrades for parks, streets, and sidewalks. ADA work on streets and sidewalks is undertaken annually as part of the street resurfacing program, but a more comprehensive, long-term plan is needed to address other infrastructure.

Additionally, several projects outlined in the 2040 General Plan and the Bicycle and Pedestrian Master Plan remain unfunded and unprioritized. In the coming months, staff will work to develop a prioritization framework and long-term funding plan for these projects, similar to the approach taken for Town-owned buildings. This effort aims to ensure systematic progress in addressing critical infrastructure needs.

At this time, the projects on Attachment 4 have not been prioritized. In the coming months, staff will be working to develop a long-term plan for these projects similar to the one for buildings as seen in attachment 3.

### **Potential Future Major Needs**

Several larger projects or “wish list items” have been identified for potential future consideration, though no formal direction has been received from the Town Council to proceed at this time. These potential projects are outlined below to provide preliminary information and cost estimates:

- **Police Operations Consolidation:** The Los Gatos Monte Sereno Police Department (LGMSPD) operates out of two buildings located 1.5 miles apart: the Civic Center and the Police Operations Building (POB). Operational inefficiencies have resulted from this separation, and the POB may not meet current law enforcement facility and security standards. Additionally, the POB houses the Town’s Emergency Operations Center (EOC) but has limited parking capacity, which could hinder EOC activation during emergencies. In the Fiscal Year 2023/24 CIP Budget, Project 821-2404 was created to conduct a space study evaluating the POB’s functionality and recommending optimization solutions. The estimated cost for a new or upgraded facility ranges from \$1,800 to \$2,200 per square foot in 2025 dollars, assuming construction occurs on Town-owned property.
- **Civic Center Upgrades:** Built in 1964, the Civic Center requires modernization to meet the current and future needs of the Town. Staff recommends conducting a study to evaluate the building’s use and determine necessary improvements. The study is estimated to cost \$100,000 to \$125,000. Subsequent improvement costs would be determined based on study findings.
- **Projects Identified in the 2040 General Plan:** The 2040 General Plan outlines two potential feasibility studies for community cultural infrastructure: one for a performing

arts center (General Plan Item 6.14QQ) and another for an art and history museum (General Plan Item 6.14RR). These projects are currently unfunded and are not on the active work plan but are included here to prompt early-stage consideration.

CONCLUSION:

This report provides an overview of the currently known unfunded capital and maintenance needs of town-owned facilities. The information provided is intended to start a conversation about the future of current projects, potential future projects, and potential ways to prioritize meeting the Town's needs.

COORDINATION:

This report has been coordinated with the Town Manager's Office, the Finance Department, the Los Gatos Monte Sereno Police Department, the Library Director, and the Chief Technology Officer.

FISCAL IMPACT:

There is no fiscal impact in receiving this report. Due to historical funding constraints and limited staffing resources, numerous infrastructure projects remain unfunded or deferred. This report initiates a series of discussions aimed at developing a strategic funding approach to meet both immediate and long-term infrastructure needs.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. History of Capital Funding
2. Current Projects
3. Facilities Needs
4. Roads, Parks and Other Projects