



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/21/2025

ITEM NO: 8

DATE: October 21, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive an Update on the Town's Federal Funding and Grants and Consider Federal Actions Impacting the Town**

RECOMMENDATION: Receive an update on the Town's federal funding and consider sunsetting the requirement to receive this report every other month.

FISCAL IMPACT:

The Town has been awarded approximately \$10 million in federal funding. Approximately \$3 million of this funding has not yet been received and could potentially be subject to current or future changes in federal policy.

STRATEGIC PRIORITY:

This item aligns with the Town's Core Goal of Fiscal Stability and the strategic priority to ensure prudent financial management.

BACKGROUND:

On January 27, 2025, the President's Office of Management and Budget (OMB) released memo M-25-13, initiating a temporary pause on the disbursement of federal financial assistance, including grants and loans. This action aimed to review programs aligned with the administration's policies, particularly targeting initiatives related to diversity, equity, and inclusion (DEI), and environmental projects associated with the Green New Deal. The White House provided guidance that the pause was limited to programs, projects, and activities implicated by the President's EOs, "such as ending DEI, the Green New Deal, and funding nongovernmental organizations that undermine the national interest."

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

On January 29, 2025, the OMB withdrew memo M-25-13 while the White House maintained that the intent of the executive orders related to the funding freeze remained unchanged, leading to ongoing confusion and legal challenges.

During the February 4, 2025, Town Council meeting, Mayor Matthew Hudes and Vice-Mayor Rob Moore requested that the Town Council discuss the potential impact of federal actions at a future meeting.

On March 18, 2025, the Town Council discussed the potential impact of federal actions on the Town's federal funding sources and requested that an update be provided every other month, skipping July, to allow them to discuss the impacts as well as potential actions. This report serves as that update.

The landscape of federal policy, federal funding, and corresponding legal challenges continues to change. All federal funding should be closely monitored.

DISCUSSION:

Attachment 1 outlines the Town's current federal funding. In addition to this information, notable updates are included below.

Guidance for Recipients of Federal Funding

The Office of the Attorney General and other federal agencies have issued guidance for recipients of federal funding, such as the letter in Attachment 2. Town staff are reviewing contract templates to ensure consistency with current federal requirements and have not identified any issues to date.

Emergency Management Performance Grant (EMPG):

This grant is administered to the Town through the County. As mentioned in the last update, the 2023 EMPG grant expenses were fully reimbursed. The Town has secured \$8,250 in 2024 EMPG grant funding for emergency management training and technology. At this time, there are no indications that there will be issues with reimbursement.

Library Funding:

Previously, a Presidential Executive Order defunded the Federal Institute of Museum and Library Services (IMLS). These services had been administered at either the State level and/or our local Bay Area consortium level using pass-through funding originating from the IMLS. This impacted the following services previously available at the Library:

- Britannica Escolar
- Britannica School Edition
- Enki ebook platform
- Flipster Digital Magazines (23 e-magazine titles)
- Gale Environmental Studies (Elementary & Middle School)

- Gale Interactive: Science (Elementary & Middle School)
- National Geographic Kids Resources
- New York Times (Online)
- ProQuest eBook Central
- Teaching Books

IMLS funding has now been restored as a result of an injunction against the Presidential Executive Order, Rhode Island v. Trump, May 20, 2025, and a denial of appeal on Sept 11, 2025. These funds are passed through to the State, which provides programs and services to local libraries. The State is currently focusing on using the funding for the restoration of high-impact programming to libraries in disadvantaged communities and may choose different options for service and program support going forward, rather than restoring the resources listed above.

CONCLUSION:

The Town continues to receive federal funds and grant reimbursements as expected. Outstanding funding primarily reflects projects still in progress, not delays in disbursement. Given the current stability and the Town's ongoing monitoring efforts, staff recommends that the Council sunset the requirement for a standing bi-monthly update. Instead, staff will notify the Council of any significant changes or risks, and will agendaize items as needed.

COORDINATION:

This report was coordinated with all Town Departments.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Town Federal Funding Update October 2025
2. Attorney General Letter