



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/17/21

ITEM NO: 12

DATE: August 11, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Review the Fiscal Year 2021/22 – 2025/26 Capital Improvement Program Budget and Determine Any Additional Investments Based on Additional Funding Allocated for Capital Purposes

RECOMMENDATION:

Review the Fiscal Year (FY) 2021/22 – 2025/26 Capital Improvement Program (CIP) Budget and determine any additional investments based on additional funding allocated for capital purposes.

BACKGROUND:

On June 1, 2021, the Town Council approved the Fiscal Year 2021/22 – 2025-26 CIP. During the development of the CIP, very few funds were available to add to the program. Since adoption, the Council allocated additional funds of \$2,250,000 to the General Fund Allocated Reserve (GFAR) for capital projects. This includes funds from property sales, 50% of previously collected Measure G revenue through June 2020, and 50% of estimated Measure G revenue during FY 2020/21. In addition, the Council expressed an interest in reviewing the CIP with the addition of information on how the projects serve varying needs of the community, including quality of life and equity.

DISCUSSION:

Following allocation of the \$2,250,000 two funding commitments were made by Council action. As the budget was being finalized, the Town Council allocated an additional \$575,000 to the Vegetation Management project, \$500,000 in alignment with recommendations from the Finance Commission and \$75,000 to match grant requests through the Federal Emergency Management Association (FEMA). With those commitments, the available CIP funding now

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Parks and Public Works Director

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

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DISCUSSION (continued):

totals \$1,675,000. It is not necessary to program all of these funds, and it may make sense to leave some funds unallocated to address potential unidentified needs over the course of the year.

Attachment 1 provides a staff prioritized list of projects for new or additional funding to advance additional CIP work. Staff manages and updates this list over time to ensure that requests can be considered for funding when appropriate. The total list exceeds \$29M in projects. The list prioritizes projects into four categories and identifies the areas where each project may serve the needs of the community:

Priorities (High to Low)	Community Impacts
1. Safety	Safety
2. Economic Vitality	Equity
3. Critical Capital Maintenance	Quality of Life
4. Infrastructure Improvements	Mandate
	Capital Maintenance
	Capital Improvement

Attachment 1 may be a good starting point for discussion on allocating funds. Although the list is provided in priority order based on the above priorities, there are times when projects further down the list may warrant priority funding, especially smaller lower cost projects that might have a big impact to the public.

Based on the current list, staff recommends the following funding allocations to the FY 2021/22 Capital Improvement Program, with remaining funds to remain in the GFAR for future allocations:

Project	Cost
Security Enhancements at Civic Center Recent nefarious activity between the Civic Center and Pageant Grounds has created the need to secure that area with fencing and gates. This is a new project.	\$275,000

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DISCUSSION (continued):

Project	Cost
Downtown Parking Signage Staff is negotiating with a consultant to design the project. Looking forward, once the design is complete, limited funds are available for construction and installation of the signs. This augments an existing project.	\$400,000
Blossom Hill Road Traffic Calming A traffic study completed last year identifies modifications to Blossom Hill Road between Camelia Terrace and Hillbrook. This augments an existing project.	\$200,000 design \$950,000 construction (leave unfunded)
Total	\$875,000

Unfunded Needs Assessment

Other elements of Town infrastructure are undergoing detailed analysis to identify capital needs. These assessments are ongoing and together with the specific project list of Attachment 1, tell a capital needs story for the Town. In summary, these needs include:

Category	Funding Need
Facilities Deferred Maintenance	\$12.7M
Stormwater Infrastructure	\$15 M
Pavement Maintenance (PCI of 75) over 5 years	\$13.5M
ADA Transition Plan	\$ TBD
Total	\$41.2M

Projects of Special Interest

Downtown Streetscape - The original intent to begin setting aside funding for this project required a pivot due to COVID-19, with a focus on economic recovery taking precedent and allocating the majority of the funding previously set aside. An ideal future schedule might include a pause to allow economic recovery to take hold with a re-engagement in the original project beginning in 2023 with early design and outreach efforts and a 7–10-year horizon for project completion. Incremental accumulation of funds over time may be an option to avoid future funding challenges. Shifting eligible semi-permanent parklet expenses to American

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DISCUSSION (continued):

Rescue Plan Act (ARPA) funds may be a possibility for restoring funding to the streetscape project.

Fire Fuel Reduction – The project addresses fire risk mitigation along roadsides and in open space in the Wildland Urban Interface (WUI). Funding opportunities for this project include the following:

Source	Amount
Additional Council appropriated funds in CIP	\$500,000
Federal Budget Earmark	\$750,000
FEMA Funding – Roadside	\$1,500,000
FEMA Funding – Open Space	\$1,300,000
Total Potential Funding	\$4,050,000

Funding for FEMA projects requires a 25% match and work completed prior to the grant authorization cannot be used for a match and is not reimbursable under the grant. The Town funds could be used for a match, but those funds could not be expended prior to FEMA approval. The Council may wish to provide direction on taking continued fuel reduction activities now or waiting for FEMA approval, a timeframe of six months or more.

Reviewing the Current CIP

The current CIP has been presented in Attachment 2 in a format meant to support the information in the annual “budget book” and to provide an at a glance view of each project with key metrics. This graphical presentation highlights the community elements that each project addresses, project challenges, funding sources and budget information, funding status, and schedule information.

These worksheets are meant to be a tool to help assess both individual projects and the CIP as a whole. The Council may want to provide feedback on the attachment with respect to the information provided and any modifications that might make it more useful.

CONCLUSION:

The Town has significant capital expenditure needs competing for limited funds. Prioritization of projects and goals helps to ensure existing infrastructure is maintained in a cost-effective manner while new amenities are added at a balanced and reasonable rate.

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FISCAL IMPACT:

Any actions taken by the Town Council may have corresponding fiscal impacts in the FY
2021/22 – 2025/26 CIP.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Fiscal Year 2021/22 CIP Unfunded Project List
2. Graphical Presentation Fiscal Year 2021/22 Capital Improvement Program