



**TOWN OF LOS GATOS  
FINANCE COMMISSION**

MEETING DATE: 03/11/2024

ITEM NO: 10

DESK ITEM

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DATE: March 11, 2024  
TO: Finance Commission  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Review and Provide Feedback on the Reasonableness and Completeness of the Town's Five-Year Capital Plan Taken as a Whole

**REMARKS:**

Attachment 4 contains public and Commissioner comments received between 11:01 a.m. Friday, March 8, 2024, and 11:00 a.m. Monday, March 11, 2024.

**ATTACHMENTS:**

**Previously received with the February 28, 2024 Staff Report:**

1. Current Funding of CIP FY 2023/24 to 2027/28
2. Status of Currently Funded One-Time Projects
3. Future Capital Needs Not Currently in the CIP

**Received with this Desk Item:**

4. Public and Commissioner comments received between 11:01 a.m. Friday, March 8, 2024, and 11:00 a.m. Monday, March 11, 2024.

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

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## Wendy Wood

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**From:** Linda Reiners [REDACTED]  
**Sent:** Sunday, March 10, 2024 1:35 PM  
**To:** Wendy Wood; Gitta Ungvari; Laurel Prevetti  
**Cc:** Phil Koen  
**Subject:** Fwd: thoughts on the capex report

[EXTERNAL SENDER]

I am forwarding questions that Phil has raised after his review of Item 10 Capital Plan.  
Looking forward to our discussion.

Linda  
Sent from my iPad

Begin forwarded message:

On Mar 9, 2024, at 10:38 PM, Phil Koen <pkoen@monteropartners.com> wrote:

1. Attachment 1 shows the total adjusted CIP budget for FY 24 is \$44.5m. The adopted FY 24 CIP budget was \$37.7m. What projects have increased, why have they increased and what are the sources of funds to pay for the increase?
2. Attachment 1 shows \$4.5m in total capex has been spent through January 25, 2024. What is the projected capital spend for all of FY 24? By way of comparison, the annual capital spend for the past 3 years has averaged \$7.3m per year.
3. How many of the 63 funded CIP projects will hit their original completion date and the original budget as approved by the Town Council? Just provide a rough estimate.
4. Given the total CIP budget is \$44.5m, at the average annual spend of \$7.3m that implies

there is 6 years of work in backlog. Is that a reasonable conclusion? If that is correct, what is causing this backlog?

5. Table 2 lists the ongoing and annually funded CIP projects. Could you please indicate the annual funding adopted in FY 24 for each of the 12 projects listed and in the aggregate. Also, several projects (812-0130, 812-0134 ,816-0420 and 831-4605) had no annual budget for FY 24. If these are on-going, why would no funds be allocated to these projects in FY 24?
6. Why is the adjusted budget for project 9901 now 7.8m? It appears that the annual capital spend should be approximately \$3.3m which suggest the unspent carryforward is \$4.5m. Why is there such a large unspent carryforward for an annual project like this?
7. Why has only \$340 been spent during FY 24 on project 0130 Roadside Fire Fuel Reduction given this is a high priority?
8. Attachment 2 lists a total of 52 funded one-time capital projects of which 15 or 28% are on hold. Why are these projects on hold?
9. Of the 52 projects, 6 are reported to be complete. Will these 6 projects be on time and on budget? Any color would be helpful.
10. Of the 52 projects, which of these are not fully funded through actual construction/completion? How much additional funding will be required to

complete these projects? What is the status of identifying the required funding?

11. If you add the list of potential future capital needs in Attachment 3 to the current CIP projects listed in Attachment 1, the total potential capital needs is \$116.3m. This amount exceeds the entire total net depreciable assets of \$106.6m the Town is carrying in the Statement of Net Position as of June 30, 2023. Stated another way, in dollar terms this plan is calling for replacing over 100% of the Town's current net investment in capital assets. Is this even practical? How should be we thinking about this?

Linda, I think it is important to start getting some detail answers to these questions. I'll let you decide how best to do this. You may want to send my questions to Staff over the weekend so they can come prepared with answers. That might be best since it will give them time to really think about what they want to say.

Let me know if you have any questions.

Phil

<Capital Funding Model .pdf>

**Wendy Wood**

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**From:** Rob Stump [REDACTED]  
**Sent:** Sunday, March 10, 2024 8:31 PM  
**To:** Mary Badame; Matthew Hudes; Maria Ristow; Rob Moore; Rob Rennie  
**Cc:** Laurel Prevetti; Phil Keon; Wendy Wood; Nicolle Burnham  
**Subject:** Wildfire Initiatives FY24/25 - Roadside Fuel Reduction Funding and Adoption of Wildfire Metrics  
**Attachments:** Wildfire Preparartion-Prevention Initiatives FY24-25.pdf

[EXTERNAL SENDER]

Town Council Members,

Please see the attached letter on Wildfire Initiatives FY24/25 - Roadside Fuel Reduction Funding and Adoption of Wildfire Metrics.

Let me know if you have any questions.

Thank you,

Rob Stump  
[REDACTED]

March 10, 2024

Los Gatos Town Council Members  
110 E. Main Street  
Los Gatos, California 95030

Dear Town Council Members,

I am writing you on the topic of wildfire preparation and prevention for two reasons: 1) To encourage you to fully fund the required FEMA grant match this coming fiscal year, and 2) To adopt wildfire metrics that ensure we continue to make progress on wildfire preparation and prevention initiatives.

1. FEMA Grant: the total value of FEMA grant is \$2,453,500. The required match from the Town is \$490,750. FEMA's total committed funding outlay is \$1,962,750. The Town should fully fund the required match of \$490,750 in the FY24/25 CIP. If this grant can be fully applied to roadside fuel reduction efforts, it would fund almost 7 years of roadside fuel reduction maintenance perhaps through FY33/34 (in addition to the USDA grant that was funded by the Council in FY23/24). The details of this grant should be reviewed with Director Burnham prior to making a final decision on FY24/25 CIP funding.
2. Wildfire Preparation/Prevention Metrics: the Council needs to adopt this set of metrics for Wildfire Preparation/Prevention initiatives. If it is not measured, it is not managed. Here are the proposed metrics:
  - a. Percentage of homes/properties in the VHFHSZ in compliance with Defensible Space (Public Resources Code 4291).
  - b. Percentage of roadside fuel reduction completed in the VHFHSZ (WUI) within 6 years beginning FY21/22.
  - c. Percentage of roadside weed abatement completed annually in the VHFHSZ (WUI).
  - d. Percentage of LG evacuation routes in compliance with 20 feet of clear width (<https://up.codes/viewer/california/ca-fire-code-2019/chapter/5/fire-service-features#503.2>)

Why is measurement needed? Here is one example. Even though funded, no roadside fuel reduction will be completed in FY23/24 (only Overlook Road Eucalyptus removal completed). If wildfire prevention is a high priority for the Town, how can we not continue fuel reduction on a regularly scheduled basis? I understand that Project Management resources for CIP are limited, but what are the top priorities? The Council should explore the reasons for no fuel reduction efforts in FY23/24 and make changes to the CIP priorities as needed to match Project Management resources to CIP projects.



One final point, roadside fuel reduction needs to be considered in the same category as annual street maintenance. This work needs to be completed on a scheduled basis annually. We need to maintain a 6-year trim cycle on the 31 miles of Los Gatos roadways throughout the WUI. This will reduce the threat of wildfire since a high percentage of wildfires begin along roadways. One particularly devastating example is the Carr fire, August 2018, that burned 229,651 acres in Northern California. Its total cost was over \$1.659 billion. Coincidental to the name of the incident, the fire was started when a flat tire on a vehicle caused the wheel's rim to scrape against the asphalt, creating sparks that set off the fire.

The Town has shown good commitment to wildfire preparation and prevention efforts. We need to continue our efforts by fully funding the required FEMA match in FY24/25 and adopting metrics that guide the Council in its management of wildfire preparation and prevention initiatives.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read "Rob Stump". The signature is stylized and cursive.

Rob Stump

Co-Chair, Civic Center Hillside Neighborhood