

Capital Improvement Program

PROGRAM PURPOSE

The Fiscal Year (FY) 2018/19-2022/23 Capital Improvement Program (CIP) is a comprehensive five-year capital improvement plan designed to identify projects which develop and maintain the Town's infrastructure. The CIP is developed consistent with the Town Council Core Goals of maintaining the condition and availability of public facilities and transportation systems. Guidance for developing priorities for capital improvement projects is also derived from key plans, including the General Plan and the Council's Strategic Priorities. Input from Town boards and commissions also contributed to the development of the CIP.

In February 2018, the Town Council established the 2018-20 Strategic Priorities. The Core Goals and Strategic Priorities guide the preparation of both the Capital and Operating Budgets. In terms of capital projects, the Town Council affirmed its interest in completing the Phase II of the Almond Grove streets, investing in bicycle and pedestrian improvements, addressing cut-through traffic, enhancing community vitality through events and other efforts, fostering emergency preparedness, and improving the condition of the Town's streets. The Council also identified new projects, including a Comprehensive Parking Study, One-Way Downtown Streets Pilot, and a Transportation Demand Management Study and evaluation of a potential Transportation Demand Management Program/Community Shuttle. All proposed capital projects are described or listed in this document.

The Town's capital projects are categorized into three program areas as described below:

The Streets Program was established to develop a functional street system that is consistent with the General Plan. Objectives include providing safe and efficient traffic flow through intersections while minimizing unnecessary traffic movement and noise through residential neighborhoods, and providing proper street lighting for traffic safety at intersections and public streets. The primary source of financing for this program comes from General Fund savings and Gas Tax Fund revenues. Street projects may also receive funding from federal, state, and local grants.

Within the Streets Program, Storm Drain Fund monies are used for the construction of drainage facilities that occur in conjunction with other street improvements. Storm Drain funding is derived from a Town charge of 75 cents per square foot of impervious

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surface created by development. Depending on the level of development activity, these fees produce around \$100,000 annually.

The Utility Undergrounding Fund is another funding source utilized in the Streets Program. This fund accrues construction tax revenue of 18 cents charged for each square foot of building addition or alteration within the town. This revenue is used for projects to relocate overhead utility lines underground in an effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines. Utility Underground projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects which will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$60,000-\$100,000 annually.

As part of a voter-approved measure from 2010, the Santa Clara Valley Transportation Agency (VTA) assesses a \$10 per vehicle registration surcharge to repair and rehabilitate streets. This funding source is expected to generate approximately \$190,000 annually for Los Gatos, which will be used for street rehabilitation Town-wide. In November 2016, voters passed Countywide Measure B. This Measure increased the sales tax by ½ cent for 30 years to fund transportation related projects. One part of 2016 Measure B is a formulaic distribution of funds for roadway maintenance. The Los Gatos annual allocation is \$580,633. However, Measure B funds have been delayed due to a legal challenge to the ballot measure. Staff anticipates that the funds should become available in FY 2018/19.

Another revenue source used in Street program are impact fees. The Construction impact fee is assessed on construction projects based on the square foot size of the project at a rate of \$1.14 per square foot. These fees are intended to recover the damage caused to Town streets by construction traffic. Construction Impact fees generate approximately \$110,000 annually. In addition, the Refuse Vehicle Road Impact Fee is estimated to generate \$490,000 for FY 2018/19.

The Public Facilities Program includes projects for purchasing, constructing, or making capital repairs to public buildings, structures, and equipment. Town buildings include the Civic Center, Library Facility, Police Operation Building, New Museum Los Gatos, Tait Avenue and Forbes Mill Museums. The program also provides partial service to the Adult and Youth Recreation Center, which are Town-owned buildings leased to Los Gatos-Saratoga Community Education and Recreation. There is no designated funding for this program, and any allocations generally come from General Fund prior year savings or grant funds applied to qualified improvements, such as Community

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Development Block Grant funds for Americans with Disabilities Act (ADA) improvements.

The Parks Program includes projects for parks, park buildings, urban forestry, and urban beautification. This capital plan also does not have a designated revenue source, and funding is currently dependent on budgeted allocations from General Fund savings, grants, and state park bond funds. Park projects may, on occasion, include community volunteer services for minor construction and clean-up projects.

PROGRAM PROCESS

A CIP project includes construction, acquisition, rehabilitation, or non-routine maintenance that generally costs \$25,000 or more with a minimum useful life of 5 years at a fixed location. The CIP attempts to identify priority capital maintenance, facilities, and improvements needed within the next five years, with cost estimates based on current year dollars. Estimates for carry-forward projects are updated as necessary to a recent engineer's estimate based on current design specifications. Equipment, operating, and maintenance costs incurred as an outcome of CIP projects are identified and included in the Operating Budget.

Under direction from the Town Manager's Office, the Parks and Public Works Department led the preparation of project proposals for consideration in the current Capital Improvement Program (reflected in detail in a separate document). In coordination with other Town Departments, capital improvement projects and funding sources were reviewed and prioritized to ensure the Town's priorities were addressed and in conjunction with the preparation of the Operating Budget. The proposed CIP Budget is then presented to the Planning Commission for review to ensure that the projects are consistent with the Town's General Plan, and to the Town Council for final approval.

This Operating and Capital Summary Budget document limits the Town's CIP financial information to the first year of the plan, as it relates to the Town's Operating Budget. The full five-year project outlook is available in the separate Capital Improvement Program Budget document.

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SUMMARY OF CIP REVENUES AND EXPENDITURES

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| REVENUES | | | | | | |
| <i>Other Taxes</i> | \$ 135,959 | \$ 44,453 | \$ 23,165 | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | 1,739,636 | 1,027,792 | 798,015 | 1,892,020 | 1,146,080 | 2,657,703 |
| <i>Town Services</i> | - | - | 7,500 | - | - | - |
| <i>Licenses & Permits</i> | 1,230,069 | 662,997 | 658,660 | 575,929 | 626,492 | 842,934 |
| <i>Interest</i> | (4,375) | 75,932 | 66,951 | 44,120 | 44,120 | 44,130 |
| <i>Other Revenues</i> | 668,952 | 591,125 | 741,160 | 108,000 | 143,968 | 339,119 |
| TOTAL REVENUES | 3,770,241 | 2,402,299 | 2,295,451 | 2,650,069 | 1,990,660 | 3,913,886 |
| Transfers In | | | | | | |
| <i>Operating Transfers</i> | 8,411,057 | 582,800 | 7,593,867 | 2,482,227 | 2,482,227 | 2,635,220 |
| Total Transfers In | 8,411,057 | 582,800 | 7,593,867 | 2,482,227 | 2,482,227 | 2,635,220 |
| Total Revenues & Transfers In | \$12,181,298 | \$ 2,985,099 | \$ 9,889,318 | \$ 5,132,296 | \$ 4,472,887 | \$ 6,549,106 |
| EXPENDITURES | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | 6,091 | 3,654 | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | 3,639,640 | 2,293,246 | 6,863,376 | 4,015,509 | 5,344,584 | 8,598,140 |
| TOTAL EXPENDITURES | 3,639,640 | 2,299,337 | 6,867,030 | 4,015,509 | 5,344,584 | 8,598,140 |
| Transfers Out | | | | | | |
| <i>Operating Transfers</i> | 219,933 | 698,579 | 308,905 | 533,616 | 631,616 | 533,616 |
| Total Transfers Out | 219,933 | 698,579 | 308,905 | 533,616 | 631,616 | 533,616 |
| Total Expenditures & Transfers Out | \$ 3,859,573 | \$ 2,997,916 | \$ 7,175,935 | \$ 4,549,125 | \$ 5,976,200 | \$ 9,131,756 |

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The following schedule summarizes the Capital Improvement projects completed or withdrawn in FY 2017/18:

**COMPLETED OR WITHDRAWN CIP PROJECTS
FY 2017/18**

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Total Budgeted |
|---|--|---|---------------------------|
| <i>GFAR Projects</i> | | | |
| Tennis Courts Resurfacing - Various Town Parks | \$ 572 | \$ 47,213 | \$ 47,785 |
| Blossom Hill Park Little League Backstop | 101,344 | - | 101,344 |
| Pageant Way Parking Lot Reconstruction | 214,671 | - | 214,671 |
| Bicycle & Pedestrian Master Plan | 111,173 | - | 111,173 |
| Tiburon CAD/RMS Update | 70,000 | - | 70,000 |
| <i>Traffic Mitigation Projects</i> | | | |
| <i>Grants and Awards Projects</i> | | | |
| Bicycle & Pedestrian Master Plan | 39,640 | - | 39,640 |
| <i>Storm Drain Projects</i> | | | |
| | \$ - | \$ - | \$ - |
| <i>Underground Utility Projects</i> | | | |
| | \$ - | \$ - | \$ - |
| <i>Gas Tax Projects</i> | | | |
| | \$ - | \$ - | \$ - |
| <i>Total of Completed and Withdrawn Projects</i> | \$ 537,400 | \$ 47,213 | \$ 584,613 |

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The following schedule summarizes the Capital Improvement projects continuing into FY 2018/19. Continuing projects are defined further in following fund sections.

CARRYFORWARD CIP PROJECTS FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|--|-----------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|
| GFAR Carryforward Projects | | | | | |
| Open Space Trail Upgrades | \$ - | \$ - | \$ 152,000 | \$ - | \$ 152,000 |
| Parks Playground Fibar Project | 42,500 | 20,960 | 11,540 | 25,000 | 100,000 |
| Park Rehabilitation - Bachman Park | - | 10,418 | 314,582 | - | 325,000 |
| Forbes Mill Footbridge Improvements | 7,815 | 8,522 | 74,510 | - | 90,848 |
| Belgatos Park Restroom Improvements | - | - | 25,000 | - | 25,000 |
| Audio/Video System Upgrade | 52,440 | 15,608 | 42,552 | - | 110,600 |
| Information System Upgrade | 394,421 | 7,794 | 72,785 | 100,000 | 575,000 |
| Town-wide Document Imaging Project | 198,011 | - | 16,990 | - | 215,000 |
| Building Replacement at Corporation Yard | 15,800 | 917 | 124,083 | 25,000 | 165,800 |
| Fuel System Enhancements | - | 37,580 | 37,420 | - | 75,000 |
| Police & PPW Interoperability Radio Project | 468,936 | 39,523 | 87,221 | - | 595,680 |
| Engineering Document Archiving | 8,284 | - | 51,716 | - | 60,000 |
| Civic Center Building Energy Efficiency Measures | - | - | 25,000 | - | 25,000 |
| Mechanic Bay Heater | - | - | 25,000 | - | 25,000 |
| Facilities Assessment | - | - | 80,000 | - | 80,000 |
| Town Beautification | 87,593 | - | - | 15,000 | 102,593 |
| Silicon Valley Regional Interoperability Project (SVRIP) Service | 268,423 | 126,604 | 63,601 | - | 458,628 |
| Energy Efficiency Upgrade - Town-wide | - | - | 50,000 | 25,000 | 75,000 |
| Library Teen Door Installation | - | - | 51,000 | - | 51,000 |
| Exterior Lighting Replacement - Civic Center | - | 7,784 | 17,216 | - | 25,000 |
| Civic Center Fountain Modification | - | - | 33,135 | - | 33,135 |
| HVAC - Chiller Repair | 6,248 | 25,232 | 93,520 | - | 125,000 |
| Street Repair & Resurfacing | 3,605,807 | 2,220,034 | 1,656,514 | 1,310,633 | 8,792,988 |
| Annual Street Restriping | 180,228 | - | 94,772 | 25,000 | 300,000 |
| Almond Grove Street Rehabilitation | 3,837,375 | 1,301,423 | 9,053,161 | - | 14,191,959 |
| Traffic Calming Projects | 132,059 | 34,655 | 68,286 | 10,000 | 245,000 |
| Curb, Gutter & Sidewalk Maintenance | 2,056,466 | 259,296 | 298,733 | 300,000 | 2,914,494 |
| Retaining Wall Repairs | 1,320,854 | 50,398 | 291,526 | 100,000 | 1,762,777 |
| Quito Road - Bridge Replacement | 64,594 | - | 235,087 | - | 299,681 |
| Guardrail Replacement Projects | 136,958 | - | 93,043 | - | 230,000 |
| 224 W. Main Street Property Acquisition (Parking Lot 6) | 5,375 | 18,625 | 1,176,000 | 38,913 | 1,238,913 |
| Downtown Parking Lots Seal Coat & Restriping | - | 24,915 | 75,085 | - | 100,000 |
| Monument Control Network Update | - | - | 20,000 | - | 20,000 |
| Sidewalk Improvements Shannon/LGB/Cherry Blossom | 104 | - | 129,896 | - | 130,000 |
| Stonybrook & Kennedy Sidewalk Improvements | 35,511 | 28,357 | 516,132 | - | 580,000 |
| Sidewalk Improvements - Multiple Locations | - | - | 60,000 | - | 60,000 |
| Crosswalk Improvements - Santa Cruz/Blossom Hill | 1,008 | - | 58,992 | - | 60,000 |
| Crosswalk Lighting Upgrade | 7,565 | - | 53,739 | - | 61,304 |
| LED Streetlights | 826 | 395,352 | 108,470 | - | 504,648 |
| Bicycle & Pedestrian Improvements | - | 63,700 | 236,300 | 300,000 | 600,000 |
| Cut-Through Traffic Mitigation | - | 149,655 | 63,118 | - | 212,773 |
| Stormwater Master Plan | - | - | 200,000 | - | 200,000 |
| Stormwater System - Pollution Prevention Compliance | - | - | - | 300,000 | 300,000 |
| Public Art Gateway | - | - | 25,000 | - | 25,000 |
| Total GFAR Carryforward Projects | \$ 12,935,197 | \$ 4,847,353 | \$ 15,962,726 | \$ 2,574,546 | \$ 36,319,822 |

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CARRYFORWARD CIP PROJECTS FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|---|-----------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|
| <i>Traffic Mitigation Carryforward Projects</i> | | | | | |
| Blossom Hill Rd/Cherry Blossom Ln Intersection Improvements | \$ - | \$ - | \$ 500,000 | \$ - | \$ 500,000 |
| Los Gatos Blvd/Shannon Improvements | - | - | 20,000 | - | 20,000 |
| Monument Control Network Update | - | - | 10,000 | - | 10,000 |
| Hwy 9/University Intersection | 66,963 | - | - | - | 66,963 |
| Crosswalk Improvements - Santa Cruz/Blossom Hill | 94 | - | 49,906 | - | 50,000 |
| Crosswalk Lighting Upgrade | 15,371 | - | 34,629 | - | 50,000 |
| Traffic Signal Modernization | - | - | 177,869 | 177,869 | 355,738 |
| Bicycle & Pedestrian Improvements | - | - | 75,000 | - | 75,000 |
| Cut-Through Traffic Mitigation | 13,695 | 59,478 | 46,721 | - | 119,894 |
| <i>Total Traffic Mitigation Carryforward Projects</i> | \$ 96,123 | \$ 59,478 | \$ 914,124 | \$ 177,869 | \$ 1,247,594 |
| <i>Grants and Awards Carryforward Projects</i> | | | | | |
| Park Rehabilitation - Bachman Park | \$ - | \$ - | \$ 214,537 | \$ - | \$ 214,537 |
| Hwy 9/University Intersection | 902,827 | - | 199,211 | - | 1,102,038 |
| Traffic Signal Modernization | 3,375 | 16,875 | 1,183,125 | 376,400 | 1,579,775 |
| <i>Total Grants and Awards Carryforward Projects</i> | \$ 906,202 | \$ 16,875 | \$ 1,596,873 | \$ 376,400 | \$ 2,896,350 |
| <i>Storm Drain Carryforward Projects</i> | | | | | |
| Hernandez Avenue Storm Drain Improvements | \$ 17,180 | \$ - | \$ - | \$ - | \$ 17,180 |
| Jones Road Storm Drain Improvements | - | 18,700 | 2,300 | - | 21,000 |
| Bicknell Road Storm Drain Improvements | 12,750 | 95,642 | 63,108 | - | 171,500 |
| <i>Total Storm Drain Carryforward Projects</i> | \$ 29,930 | \$ 114,342 | \$ 65,408 | \$ - | \$ 209,680 |
| <i>Underground Utility Projects</i> | | | | | |
| Utility Undergrounding Improvements | \$ - | \$ - | \$ 112,000 | \$ 2,218,000 | \$ 2,330,000 |
| <i>Total Underground Utility Carryforward Projects</i> | \$ - | \$ - | \$ 112,000 | \$ 2,218,000 | \$ 2,330,000 |
| <i>Gas Tax Carryforward Projects</i> | | | | | |
| Street Repair & Resurfacing | \$ 6,169,821 | \$ 22,635 | \$ 1,191,177 | \$ 1,218,134 | \$ 8,601,767 |
| <i>Total Gas Tax Carryforward Projects</i> | \$ 6,169,821 | \$ 22,635 | \$ 1,191,177 | \$ 1,218,134 | \$ 8,601,767 |
| <i>Total of Carryforward Projects</i> | \$ 20,137,274 | \$ 5,060,683 | \$ 19,842,307 | \$ 6,564,949 | \$ 51,605,212 |

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The following schedule summarizes the new Capital Improvement projects and total of new funding for FY 2018/19. New projects are defined further in following fund sections.

| NEW CIP PROJECTS | | | | | | |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|--|
| FY 2018/19 | | | | | | |
| | Est Exp | Expenditures | Estimated | New | Total | |
| | Prior To | During | Carryforward | Funding | Budgeted | |
| | FY 2017/18 | FY 2017/18 | | FY 2018/19 | | |
| <i>GFAR Projects</i> | | | | | | |
| Town Plaza Turf Repairs | \$ - | \$ - | \$ - | 28,000 | \$ 28,000 | |
| Oak Meadow Park Exercise Equipment | - | - | - | 60,000 | 60,000 | |
| Creek Trail & Parks Path & Parking Lot Seal & Striping | - | - | - | 225,000 | 225,000 | |
| Charter Oaks Trail Repair Project | - | - | - | 15,000 | 15,000 | |
| Trailhead Connector | - | - | - | 44,440 | 44,440 | |
| Neighborhood Emergency Preparedness | - | - | - | 50,000 | 50,000 | |
| Library Carpet Replacement | - | - | - | 56,500 | 56,500 | |
| EOC Communications Upgrade | - | - | - | 50,000 | 50,000 | |
| Youth Recreation Center HVAC Replacement | - | - | - | 22,600 | 22,600 | |
| IT Disaster Recovery Improvements | - | - | - | 200,000 | 200,000 | |
| Downtown Parking Study | - | - | - | 200,000 | 200,000 | |
| One-Way Downtown Street Pilot | - | - | - | 130,000 | 130,000 | |
| Pilot School Busing Program | - | - | - | 80,600 | 80,600 | |
| <i>Traffic Mitigation Projects</i> | | | | | | |
| Highway 17 Bicycle & Ped Bridge | \$ - | \$ - | \$ - | \$ 147,005 | \$ 147,005 | |
| <i>Grants and Awards Projects</i> | | | | | | |
| Charter Oaks Trail Repair Project | \$ - | \$ - | \$ - | \$ 148,051 | \$ 148,051 | |
| Trailhead Connector | - | - | - | 343,000 | 343,000 | |
| Pilot School Busing Program | - | - | - | 30,000 | 30,000 | |
| Highway 17 Bicycle & Ped Bridge | - | - | - | 52,995 | 52,995 | |
| <i>Storm Drain Projects</i> | | | | | | |
| Annual Storm Drain Improvement Prj | \$ - | \$ - | \$ - | \$ 150,000 | \$ 150,000 | |
| <i>Underground Utilities Projects</i> | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | |
| <i>Gas Tax Projects</i> | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | |
| <hr/> | | | | | | |
| <i>Total of New CIP Projects</i> | \$ - | \$ - | \$ - | \$ 2,033,191 | \$ 2,033,191 | |
| <hr/> | | | | | | |
| TOTAL OF CARRYFORWARD AND NEW CIP PROJECTS | \$ 20,137,274 | \$ 5,060,683 | \$ 19,842,307 | \$ 8,598,140 | \$ 53,638,403 | |

Capital Improvement Program

GENERAL FUND APPROPRIATED RESERVE FUND 411

FUND PURPOSE

The General Fund Appropriated Reserve (GFAR) accounts for funds designated for use in the Town's ongoing program for the development of facilities and general infrastructure improvements. This includes basic needs such as street and parking lot repair and resurfacing; repair or replacement of curbs, gutters, and retaining walls; and maintenance of other Town facilities. GFAR also provides for community improvements, such as Town beautification projects and traffic calming, and for foundational aspects of Town government such as technology projects and master planning work.

Revenues which support GFAR projects are derived from General Fund operational savings, from state revenues designated for transportation purposes, from intergovernmental cost sharing agreements on joint projects, and from Construction Impact Fees. Designated revenues are accounted for in other CIP funds, and may be used in conjunction with GFAR funds in the development of capital projects.

BUDGET OVERVIEW

A significant source of funding to the Town's capital plan is General Fund operational savings. As in past years, the Town continues to be challenged by the lack of a reliable dedicated revenue stream for capital improvements. Because of the availability of General Fund "one-time" funding sources in recent years, the Council approved "one-time" General Fund transfers to the GFAR fund in the amount of \$2.7 million for FY 2013/14, \$6.6 million for FY 2014/15, \$6.9 million for the Almond Grove Street Rehabilitation project in FY 2016/17, \$2.8 million funding in FY 2017/18 and \$2.4 million transfer in FY 2018/19. After these allocations, sufficient balances are anticipated for the remaining years of the plan to accommodate allocating approximately \$550,000 from the General Fund Reserve for Capital and Special Projects from FY 2018/19 through FY 2022/23. Establishing a reliable, dedicated source of

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General Fund Appropriated Reserve

funding for basic capital improvements beyond the use of accumulated reserves remains a long-term need and important goal for the Town.

Other sources are primarily one-time funds from the state or federal government or from special revenue funds that have often fluctuated in tandem with the economy and the state budget.

Pursuant to Article III of Chapter 15 of the Town Code, the Town collects construction impact fees in support of road construction and maintenance projects throughout the town. Article IX of Chapter 15 authorized the establishment of three special fund accounts known as Construction Impact #1, Construction Impact #2, and Construction Impact #3. Beginning in FY 1998/99, these fees were deposited directly into GFAR for use in the Street Resurfacing Program. Total construction impact fees of \$110,000 are budgeted for FY 2018/19 consistent with prior year revenues and projected building trends.

As part of a voter-approved measure from 2010, the Santa Clara Valley Transportation Agency (VTA) assesses a \$10 per vehicle registration surcharge to repair and rehabilitate streets. This funding source is expected to generate approximately \$190,000 annually for Los Gatos, which will be used for street rehabilitation Town-wide. In November 2016, voters passed Countywide Measure B. This Measure increased the sales tax by ½ cent for 30 years to fund transportation related projects. One part of 2016 Measure B is a formulaic distribution of funds for roadway maintenance. The Los Gatos annual allocation is \$580,633. However, Measure B funds have been delayed due to a legal challenge to the ballot measure. Staff anticipates that the funds should become available in FY 2018/19.

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General Fund Appropriated Reserve

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated for Parking</i> | \$ 1,460,210 | \$ 1,460,210 | \$ 1,460,210 | \$ 1,460,210 | \$ 1,460,210 | \$ 1,460,210 |
| <i>Undesignated</i> | 6,842,116 | 14,071,395 | 13,328,575 | 16,793,533 | 16,793,533 | 14,439,471 |
| Total Beginning Fund Balance | 8,302,326 | 15,531,605 | 14,788,785 | 18,253,743 | 18,253,743 | 15,899,681 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | 183,262 | 185,049 | 189,947 | 760,663 | 199,267 | 760,663 |
| <i>Town Services</i> | - | - | 7,500 | - | - | - |
| <i>Licenses & Permits</i> | 962,375 | 504,658 | 523,192 | 483,429 | 536,679 | 603,429 |
| <i>Interest</i> | 92 | 6,892 | - | - | - | - |
| <i>Other Revenues</i> | 566,705 | 3,430 | 599,369 | 98,000 | 74,490 | 151,250 |
| Total Revenues | 1,712,434 | 700,029 | 1,320,008 | 1,342,092 | 810,436 | 1,515,342 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | 7,271,491 | 531,014 | 7,298,187 | 2,482,227 | 2,482,227 | 2,335,220 |
| <i>Transfer from Grant</i> | - | 39,640 | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | 924,648 | 12,146 | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | 300,000 |
| <i>Transfer from Equip Replacement</i> | - | - | 295,680 | - | - | - |
| <i>Transfer from SA Housing</i> | 38,213 | - | - | - | - | - |
| Total Transfers In | 8,234,352 | 582,800 | 7,593,867 | 2,482,227 | 2,482,227 | 2,635,220 |
| Total Revenues & Transfers In | 9,946,786 | 1,282,829 | 8,913,875 | 3,824,319 | 3,292,663 | 4,150,562 |
| TOTAL SOURCE OF FUNDS | \$ 18,249,112 | \$ 16,814,434 | \$ 23,702,660 | \$ 22,078,062 | \$ 21,546,406 | \$ 20,050,243 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | 6,091 | 3,654 | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | 2,609,078 | 1,478,766 | 5,245,455 | 2,793,509 | 5,131,109 | 3,736,686 |
| Total Expenditures | 2,609,078 | 1,484,857 | 5,249,109 | 2,793,509 | 5,131,109 | 3,736,686 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | 108,429 | 540,792 | 199,808 | 417,616 | 417,616 | 417,616 |
| <i>Transfer to SA Trust</i> | - | - | - | - | - | - |
| Total Transfers Out | 108,429 | 540,792 | 199,808 | 417,616 | 515,616 | 417,616 |
| Total Expenditures & Transfers Out | 2,717,507 | 2,025,649 | 5,448,917 | 3,211,125 | 5,646,725 | 4,154,302 |
| Ending Fund Balance | | | | | | |
| <i>Designated for Parking</i> | 1,460,210 | 1,460,210 | 1,460,210 | 1,460,210 | 1,460,210 | 1,460,210 |
| <i>Undesignated</i> | 14,071,395 | 13,328,575 | 16,793,533 | 17,406,727 | 14,439,471 | 14,435,731 |
| Total Ending Fund Balance | 15,531,605 | 14,788,785 | 18,253,743 | 18,866,937 | 15,899,681 | 15,895,941 |
| TOTAL USE OF FUNDS | \$ 18,249,112 | \$ 16,814,434 | \$ 23,702,660 | \$ 22,078,062 | \$ 21,546,406 | \$ 20,050,243 |

CAPITAL IMPROVEMENT PROGRAM
General Fund Appropriated Reserve

The following GFAR schedules identify projects completed in FY 2017/18, projects carried forward into FY 2018/19, and new FY 2019/20 projects, as part of the FY 2018/19-2022/23 Capital Improvement Program:

GENERAL FUND APPROPRIATED RESERVES (GFAR)
FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|--|-----------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|
| Completed Projects | | | | | |
| Tennis Courts Resurfacing - Various Town Parks | \$ 572 | \$ 47,213 | \$ - | \$ - | \$ 47,785 |
| Blossom Hill Park Little League Backstop | 101,344 | - | - | - | 101,344 |
| Pageant Way Parking Lot Reconstruction | 214,671 | - | - | - | 214,671 |
| Bicycle & Pedestrian Master Plan | 111,173 | - | - | - | 111,173 |
| Tiburon CAD/RMS Update | 70,000 | - | - | - | 70,000 |
| Total of Completed Projects | \$ 497,759 | \$ 47,213 | \$ - | \$ - | \$ 544,972 |
| Carryforward Projects | | | | | |
| Open Space Trail Upgrades | \$ - | \$ - | \$ 152,000 | \$ - | \$ 152,000 |
| Parks Playground Fibar Project | 42,500 | 20,960 | 11,540 | 25,000 | 100,000 |
| Park Rehabilitation - Bachman Park | - | 10,418 | 314,582 | - | 325,000 |
| Forbes Mill Footbridge Improvements | 7,815 | 8,522 | 74,510 | - | 90,848 |
| Belgatos Park Restroom Improvements | - | - | 25,000 | - | 25,000 |
| Audio/Video System Upgrade | 52,440 | 15,608 | 42,552 | - | 110,600 |
| Information System Upgrade | 394,421 | 7,794 | 72,785 | 100,000 | 575,000 |
| Town-wide Document Imaging Project | 198,011 | - | 16,990 | - | 215,000 |
| Building Replacement at Corporation Yard | 15,800 | 917 | 124,083 | 25,000 | 165,800 |
| Fuel System Enhancements | - | 37,580 | 37,420 | - | 75,000 |
| Police & PPW Interoperability Radio Project | 468,936 | 39,523 | 87,221 | - | 595,680 |
| Engineering Document Archiving | 8,284 | - | 51,716 | - | 60,000 |
| Civic Center Building Energy Efficiency Measures | - | - | 25,000 | - | 25,000 |
| Mechanic Bay Heater | - | - | 25,000 | - | 25,000 |
| Facilities Assessment | - | - | 80,000 | - | 80,000 |
| Town Beautification | 87,593 | - | - | 15,000 | 102,593 |
| Silicon Valley Regional Interoperability Project (SVRIP) Servi | 268,423 | 126,604 | 63,601 | - | 458,628 |
| Energy Efficiency Upgrade - Town-wide | - | - | 50,000 | 25,000 | 75,000 |
| Library Teen Door Installation | - | - | 51,000 | - | 51,000 |
| Exterior Lighting Replacement - Civic Center | - | 7,784 | 17,216 | - | 25,000 |
| Civic Center Fountain Modification | - | - | 33,135 | - | 33,135 |
| HVAC - Chiller Repair | 6,248 | 25,232 | 93,520 | - | 125,000 |
| Street Repair & Resurfacing | 3,605,807 | 2,220,034 | 1,656,514 | 1,310,633 | 8,792,988 |
| Annual Street Restriping | 180,228 | - | 94,772 | 25,000 | 300,000 |
| Almond Grove Street Rehabilitation | 3,837,375 | 1,301,423 | 9,053,161 | - | 14,191,959 |
| Traffic Calming Projects | 132,059 | 34,655 | 68,286 | 10,000 | 245,000 |
| Curb, Gutter & Sidewalk Maintenance | 2,056,466 | 259,296 | 298,733 | 300,000 | 2,914,494 |
| Retaining Wall Repairs | 1,320,854 | 50,398 | 291,526 | 100,000 | 1,762,777 |
| Quito Road - Bridge Replacement | 64,594 | - | 235,087 | - | 299,681 |
| Guardrail Replacement Projects | 136,958 | - | 93,043 | - | 230,000 |
| 224 W. Main Street Property Acquisition (Parking Lot 6) | 5,375 | 18,625 | 1,176,000 | 38,913 | 1,238,913 |
| Downtown Parking Lots Seal Coat & Restriping | - | 24,915 | 75,085 | - | 100,000 |
| Monument Control Network Update | - | - | 20,000 | - | 20,000 |
| Sidewalk Improvements Shannon/LGB/Cherry Blossom | 104 | - | 129,896 | - | 130,000 |
| Stonybrook & Kennedy Sidewalk Improvements | 35,511 | 28,357 | 516,132 | - | 580,000 |
| Sidewalk Improvements - Multiple Locations | - | - | 60,000 | - | 60,000 |
| Crosswalk Improvements - Santa Cruz/Blossom Hill | 1,008 | - | 58,992 | - | 60,000 |
| Crosswalk Lighting Upgrade | 7,565 | - | 53,739 | - | 61,304 |
| LED Streetlights | 826 | 395,352 | 108,470 | - | 504,648 |
| Bicycle & Pedestrian Improvements | - | 63,700 | 236,300 | 300,000 | 600,000 |
| Cut-Through Traffic Mitigation | - | 149,655 | 63,118 | - | 212,773 |
| Stormwater Master Plan | - | - | 200,000 | - | 200,000 |
| Stormwater System - Pollution Prevention Compliance | - | - | - | 300,000 | 300,000 |
| Public Art Gateway | - | - | 25,000 | - | 25,000 |
| Total of Carryforward Projects | \$ 12,935,197 | \$ 4,847,353 | \$ 15,962,726 | \$ 2,574,546 | \$ 36,319,822 |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
General Fund Appropriated Reserve

GENERAL FUND APPROPRIATED RESERVES (GFAR)
FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|--|-----------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|
| <i>New Projects</i> | | | | | |
| Town Plaza Turf Repairs | \$ - | \$ - | \$ - | \$ 28,000 | \$ 28,000 |
| Oak Meadow Park Exercise Equipment | - | - | - | 60,000 | 60,000 |
| Creek Trail & Parks Path & Parking Lot Seal & Striping | - | - | - | 225,000 | 225,000 |
| Charter Oaks Trail Repair Project | - | - | - | 15,000 | 15,000 |
| Trailhead Connector | - | - | - | 44,444 | 44,444 |
| Neighborhood Emergency Preparedness | - | - | - | 50,000 | 50,000 |
| Library Carpet Replacement | - | - | - | 56,500 | 56,500 |
| EOC Communications Upgrade | - | - | - | 50,000 | 50,000 |
| Youth Recreation Center HVAC Replacement | - | - | - | 22,600 | 22,600 |
| IT Disaster Recovery Improvements | - | - | - | 200,000 | 200,000 |
| Downtown Parking Study | - | - | - | 200,000 | 200,000 |
| One-Way Downtown Street Pilot | - | - | - | 130,000 | 130,000 |
| Pilot School Busing Program | - | - | - | 80,600 | 80,600 |
| <i>Total of New Projects</i> | \$ - | \$ - | \$ - | \$ 1,162,140 | \$ 1,162,140 |
| <i>GFAR Funding Project Totals</i> | \$ 13,432,957 | \$ 4,894,566 | \$ 15,962,726 | \$ 3,736,686 | \$ 38,026,934 |

FY 2018/19 KEY PROJECTS

The following Capital Improvement Program projects funded with GFAR funding and/or donations which flow through the GFAR are expected to be key projects in FY 2018/19.

- ***Street Repair and Resurfacing*** – The Town’s Street Resurfacing Program of preventive and deferred maintenance includes both carryforward funds and new appropriations. The work to be performed consists of a balanced program of surface seals, street reconstructions, and pavement overlays, with supplemental ongoing maintenance activities performed by the Town’s Parks and Public Works Department staff. Approximately 92% of the proposed FY 2018/19-2022/23 CIP funding is allocated to street reconstruction and maintenance projects. This emphasis reflects the Town Council’s priority to address street maintenance needs. The goal is for Town streets to achieve an average Pavement Condition Index (PCI) of above 70 (100 being the highest rating possible). The Town’s cumulative investment in its streets resulted in raising the PCI from a low of 64 in 2001 to the level of 74 in 2008. Since that time, given the small amount of asphalt overlay work performed, the Town’s PCI dropped from 74 to 69 as recently as 2010. To mitigate this decline, the Town focused its resources on arterials and collector streets, and used a chip and slurry approach to enhance the PCI rating. This approach was the most economical and prudent treatment to resurface several residential neighborhoods. The current PCI for Town streets is 67. While the \$2.5 million currently available is insufficient for this level of maintenance, the planned investment will slow the rate at which the average PCI will drop over time. The Town will continue to seek other funding sources for street repair and resurfacing from state and federal grants.

☞ CAPITAL IMPROVEMENT PROGRAM ☞
General Fund Appropriated Reserve

Operating Budget Impacts: Project design and oversight by the Engineering staff has been incorporated into the Engineering Program Services FY 2018/19 budget.

- **Almond Grove Street Rehabilitation Project** – The streets in the Almond Grove District have deteriorated over the years and, due to funding and maintenance constraints, no repairs or resurfacing activities have been performed. The project to rehabilitate the street infrastructure in this area will not only provide safe and functional streets and sidewalks for the community, but reduce the opportunity for trip and fall accidents. Due to the scale and magnitude of this project, work will be phased over several years to minimize construction impacts to the community and to reflect project funding as determined by the Town Council. Phase 1 of this project included Bachman Avenue and Broadway Avenue. Construction started in Summer 2016 and was substantially complete in the fall of 2016 with minor project close out work continuing into the spring of 2017.

The Almond Grove Phase 2 project addresses the eight additional streets in the project, with project bidding completed in April 2017 and construction began in the summer of 2017 and continuing over the next two summer construction seasons. Construction bids for this project were very favorable to the Town. The Council awarded the bid in April 2017 allowing for approximately \$2.9M in savings within the project. The construction of the Almond Grove Streets is a high priority. The concrete pavement of all ten streets is estimated to cost \$14.2 million.

Operating Budget Impacts: Engineering staff time for oversight of this project is addressed in the FY 2018/19 Operating Budget.

- **Curb, Gutter, and Sidewalk** – This project funds the annual repair and replacement of deficient curbs, gutters, and sidewalks throughout the Town. Locations for repair and replacement work are identified throughout the year by Parks and Public Works Department staff, and are prioritized in coordination with the annual Street Resurfacing Program, as applicable. The allocation for this ongoing project will be \$300,000 for FY 2018/19 and every year thereafter.

Operating Budget Impacts: Project oversight by the Engineering staff has been incorporated into the engineering Program Services FY 2018/19 budget on an ongoing basis.

- **Annual Street Restriping** – This project is an annual program to restripe the highest priority streets with thermo-plastic striping to keep streets in safe condition for use by the public. Thermo-plastic striping is thicker, more durable, and has higher visibility than roadway paint, and, in turn, improves roadway safety. Restriping work is typically done in conjunction with street paving projects; however, this annual program is to provide funding for restriping outside of a paving project. Under this project, locations that are not scheduled for street

- **☞ CAPITAL IMPROVEMENT PROGRAM ☜**
 - **General Fund Appropriated Reserve**

repaving will be prioritized for restriping. The ongoing annual GFAR appropriation is planned at \$25,000 for this project.

Operating Budget Impacts: Street maintenance staff time for project oversight has been incorporated into the FY 2018/19 Parks and Public Works departmental budget.

- ***Quito Bridge Replacement*** – This project funds the replacement of two functionally obsolete bridges that span San Tomas Aquino Creek along Quito Road. The project is a joint effort between the Town, the City of Saratoga, and the Santa Clara Valley Water District, with the City of Saratoga serving as the lead agency for the project. Eighty percent of the funding for the project is provided through the Federal Highway Bridge Replacement and Rehabilitation (HBRR) program, with the remaining 20% shared equally between the three participating local agencies. After further evaluation of the bridges, it was determined that Quito Road would require reconstruction at each end of the bridge, which in turn requires additional right-of-way acquisitions and environmental reviews under both the State of California (Caltrans) and federal regulations. These changes have made it necessary to redesign this project significantly increasing the estimated costs. The City of Saratoga has applied for additional funding from Caltrans due to the redesign. As a result of the additional project costs, the local match from the City of Saratoga, the Town of Los Gatos, and the SCVWD has increased from \$155,000 to \$300,000 for each agency. Based on the April 2012 schedule from the City of Saratoga, the construction of these bridges is anticipated to be completed by 2018.

Operating Budget Impacts: Engineering staff time for coordination of this project with the City of Saratoga has been incorporated into the Operating Budget. Completion of this project will mitigate the potential cost of lawsuits from bridge failure and pre-empt the cost of replacing the bridge in an emergency situation.



Capital Improvement Program

TRAFFIC MITIGATION FUND FUND 471

FUND PURPOSE

Pursuant to Article VII of Chapter 15 of the Town Code, the Town collects traffic impact mitigation fees to finance transportation and traffic improvements throughout the town. Article IV of Chapter 15 authorizes the establishment of a fund into which all such fees and interest on those fees is deposited. The first traffic mitigation fees were collected on October 24, 1991. Money collected from such fees is to be used solely for construction of identified traffic and transportation projects to mitigate the traffic impacts of new development, and are not used for routine repairs and maintenance.

BUDGET OVERVIEW

Funds collected as traffic mitigation fees are recorded as deferred revenue until the time of use for appropriated projects. The administration fees collected as a percentage of this revenue are realized at the time of receipt to recognize the Town's ongoing administrative functions in providing program oversight. Appropriations of traffic mitigation funds are controlled through Town Council action, after evaluating the benefits gained by proposed projects for their positive impacts on traffic.

For several years, the Town has allowed fund balances to accrue to accumulate funding for future traffic mitigation projects. Several projects, planned for upcoming years, are now in the preliminary planning stage. This planning includes the redesign and construction of the following intersections to correct the heavily travelled and congested roadway junctions in order to improve safety features and accommodate proper vehicular movement:

- Blossom Hill Rd/Cherry Blossom Ln
- Los Gatos Blvd/Shannon Rd
- Crosswalk Improvements at Santa Cruz Avenue/Blossom Hill Road

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Traffic Mitigation Fund

FY 2018/19 KEY PROJECTS

The following key projects are budgeted in FY 2018/19:

- ***Blossom Hill Road/Cherry Blossom Lane Intersection Improvements*** – This project is located at the intersection of Blossom Hill Road and Cherry Blossom Lane. In 2011, the Town conducted safety improvements on Blossom Hill Road from Cherry Blossom Lane to Camino del Cerro. The improvements of the first phase included reconfiguration of the crosswalks at Blossom Hill Road and Cherry Blossom Lane, widening a section of Blossom Hill Road, construction of sidewalk on a section of Blossom Hill Road, and construction of a lighted crosswalk across Blossom Hill Road. The final phase of this project will replace the existing traffic signals system at the intersection and reconfigure this intersection to improve its operations for vehicles, pedestrians and bicyclists. Construction is scheduled to take place in Spring 2019.
- ***Los Gatos Boulevard/Shannon Rd Intersection*** - This project will create a new pedestrian signalized crossing and restripe Shannon Road to provide longer turn lanes and improve the overall safety for pedestrians and bicyclists.
- ***Traffic Signal Modernization*** – This project will modernize the Town’s traffic signal controllers to allow for greater control by staff, ensure that the current system meets current safety standards, and increase the traffic flow. The Town was awarded several grants through the VTA and the NTS for \$1,200,000 of the project budget to complement the Town’s investment of traffic Impact Mitigation Funds.
- ***Bicycle and Pedestrian Improvements*** – This project will enhance bicycle and pedestrian safety and mobility Town-wide in the form of multiple projects. In the first year of funding, the Town Council has prioritized projects that were recommended by Safe Routes to School from the original Traffic Around Schools Study. In future years of funding, staff will continue to work with Safe Routes to School, Town Commissions, the Town Council, and the general public on prioritizing projects that have been recommended in the Council adopted Bicycle and Pedestrian Master Plan and priorities identified in FY 2018/19 budget cycle for bicycle and pedestrian projects.

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

• CAPITAL IMPROVEMENT PROGRAM
Traffic Mitigation Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Deferred Revenue</i> | \$ 2,273,514 | \$ 2,273,514 | \$ 2,742,762 | \$ 2,954,774 | \$ 2,954,774 | \$ 2,977,322 |
| <i>Undesignatged</i> | <u>178,226</u> | <u>184,941</u> | <u>207,207</u> | <u>228,542</u> | <u>228,542</u> | <u>248,542</u> |
| Total Beginning Fund Balance | 2,451,740 | 2,458,455 | 2,949,969 | 3,183,316 | 3,183,316 | 3,225,864 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | - | - | - | - | - | - |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | - | - | - | - | - | 147,005 |
| <i>Interest</i> | 6,715 | 22,266 | 21,335 | 20,000 | 20,000 | 20,000 |
| <i>Other Revenues</i> | <u>83,897</u> | <u>587,695</u> | <u>141,791</u> | <u>10,000</u> | <u>69,478</u> | <u>187,869</u> |
| Total Revenues | 90,612 | 609,961 | 163,126 | 30,000 | 89,478 | 354,874 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CBDG</i> | - | - | - | - | - | - |
| <i>Transfes from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 90,612 | 609,961 | 163,126 | 30,000 | 89,478 | 354,874 |
| TOTAL SOURCE OF FUNDS | <u>\$ 2,542,352</u> | <u>\$ 3,068,416</u> | <u>\$ 3,113,095</u> | <u>\$ 3,213,316</u> | <u>\$ 3,272,794</u> | <u>\$ 3,580,738</u> |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | <u>78,393</u> | <u>575,548</u> | <u>138,694</u> | <u>-</u> | <u>59,478</u> | <u>324,874</u> |
| Total Expenditures | 78,393 | 575,548 | 138,694 | - | 59,478 | 324,874 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | 5,504 | 12,147 | 3,097 | 10,000 | 10,000 | 10,000 |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | <u>5,504</u> | <u>12,147</u> | <u>3,097</u> | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> |
| Total Expenditures & Transfers Out | 83,897 | 587,695 | 141,791 | 10,000 | 69,478 | 334,874 |
| Ending Fund Balance | | | | | | |
| <i>Deferred Revenue</i> | 2,273,514 | 2,742,762 | 2,954,774 | 2,977,322 | 2,977,322 | 2,977,322 |
| <i>Undesignated</i> | <u>184,941</u> | <u>207,207</u> | <u>228,542</u> | <u>248,542</u> | <u>248,542</u> | <u>268,542</u> |
| Total Ending Fund Balance | 2,458,455 | 2,949,969 | 3,183,316 | 3,225,864 | 3,225,864 | 3,245,864 |
| TOTAL USE OF FUNDS | <u>\$ 2,542,352</u> | <u>\$ 3,537,664</u> | <u>\$ 3,325,107</u> | <u>\$ 3,235,864</u> | <u>\$ 3,295,342</u> | <u>\$ 3,580,738</u> |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Traffic Mitigation Fund

TRAFFIC MITIGATION CIP PROJECTS
FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|---|-----------------------------------|--------------------------------------|---------------------------|------------------------------|---------------------|
| Completed Projects | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Completed Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Carryforward Projects | | | | | |
| Blossom Hill Rd/Cherry Blossom Ln Intersection Improvements | - | \$ - | \$ 500,000 | \$ - | \$ 500,000 |
| Los Gatos Blvd/Shannon Improvements | - | - | 20,000 | - | 20,000 |
| Monument Control Network Update | - | - | 10,000 | - | 10,000 |
| Hwy 9/University Intersection | 66,963 | - | - | - | 66,963 |
| Crosswalk Improvements - Santa Cruz/Blossom Hill | 94 | - | 49,906 | - | 50,000 |
| Crosswalk Lighting Upgrade | 15,371 | - | 34,629 | - | 50,000 |
| Traffic Signal Modernization | - | - | 177,869 | 177,869 | 355,738 |
| Bicycle & Pedestrian Improvements | - | - | 75,000 | - | 75,000 |
| Cut-Through Traffic Mitigation | 13,695 | 59,478 | 46,721 | - | 119,894 |
| Total of Carryforward Projects | \$ 96,123 | \$ 59,478 | \$ 914,124 | \$ 177,869 | \$ 1,247,594 |
| New Projects | | | | | |
| Highway 17 Bicycle & Ped Bridge | \$ - | \$ - | \$ - | \$ 147,005 | \$ 147,005 |
| Total of New Projects | \$ - | \$ - | \$ - | \$ 147,005 | \$ 147,005 |
| Traffic Mitigation Funding Project Totals | \$ 96,123 | \$ 59,478 | \$ 914,124 | \$ 324,874 | \$ 1,394,599 |

Capital Improvement Program

GRANTS AND AWARDS PROJECT FUND FUND 421

FUND PURPOSE

The Grants and Awards Project Fund is typically composed of projects funded by the federal Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program, the Department of Transportation Seismic Safety Retrofit Program, Transportation Development Act (TDA) Article 3 Funds, Proposition 12 Funding (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act), and One Bay Area (OBAG) grants. Additional grants and awards may also be a funding source utilized in this fund. The expenditures in this fund are restricted to identified projects solely funded by grants.

BUDGET OVERVIEW

For FY 2018/19, there are four grant funded carryforward and four new projects. Grant and Award CIP projects receive funding from a variety of sources.

CAPITAL IMPROVEMENT PROGRAM
Grants and Awards Project Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|--------------------|---------------------|---------------------|---------------------|----------------------|--------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | (288,730) | (369,987) | (379,945) | (380,252) | (380,252) | (318,502) |
| Total Beginning Fund Balance | (288,730) | (369,987) | (379,945) | (380,252) | (380,252) | (318,502) |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | 675,857 | 171,485 | 3,093 | 250,000 | 78,770 | 574,046 |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | - | - | - | - | - | - |
| <i>Interest</i> | - | - | - | - | - | - |
| <i>Other Revenues</i> | 18,350 | - | - | - | - | - |
| Total Revenues | 694,207 | 171,485 | 3,093 | 250,000 | 78,770 | 574,046 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | 176,705 | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | 176,705 | - | - | - | - | - |
| Total Revenues & Transfers In | 870,912 | 171,485 | 3,093 | 250,000 | 78,770 | 574,046 |
| TOTAL SOURCE OF FUNDS | \$ 582,182 | \$ (198,502) | \$ (376,852) | \$ (130,252) | \$ (301,482) | \$ 255,544 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | 952,169 | 141,803 | 3,400 | 250,000 | 17,020 | 950,446 |
| Total Expenditures | 952,169 | 141,803 | 3,400 | 250,000 | 17,020 | 950,446 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | - | 39,640 | - | - | - | - |
| <i>Transfers to Grant Fund</i> | - | - | - | - | - | - |
| <i>Transfers to Equip Replacemnt</i> | - | - | - | - | - | - |
| Total Transfers Out | - | 39,640 | - | - | - | - |
| Total Expenditures & Transfers Out | 952,169 | 181,443 | 3,400 | 250,000 | 17,020 | 950,446 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | (369,987) | (379,945) | (380,252) | (380,252) | (318,502) | (694,902) |
| Total Ending Fund Balance | (369,987) | (379,945) | (380,252) | (380,252) | (318,502) | (694,902) |
| TOTAL USE OF FUNDS | \$ 582,182 | \$ (198,502) | \$ (376,852) | \$ (130,252) | \$ (301,482) | \$ 255,544 |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Grants and Awards Project Fund

The following schedule summarizes completed, carryforward, and new Grants and Awards Project Fund CIP Projects:

GRANTS & AWARDS CIP PROJECTS
FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|---|-----------------------------------|--------------------------------------|---------------------------|------------------------------|---------------------|
| Completed Projects | | | | | |
| Bicycle & Pedestrian Master Plan | 39,640 | - | - | - | 39,640 |
| Total of Completed Projects | \$39,640.20 | \$ - | \$ - | \$ - | \$ 39,640.20 |
| Carryforward Projects | | | | | |
| Park Rehabilitation - Bachman Park | \$ - | \$ - | \$ 214,537 | \$ - | \$ 214,537 |
| Hwy 9/University Intersection | 902,827 | - | 199,211 | - | 1,102,038 |
| Traffic Signal Modernization | 3,375 | 16,875 | 1,183,125 | 376,400 | 1,579,775 |
| Total of Carryforward Projects | \$ 906,202 | \$ 16,875 | \$ 1,596,873 | \$ 376,400 | \$ 2,896,350 |
| New Projects | | | | | |
| Charter Oaks Trail Repair Project | \$ - | \$ - | \$ - | \$ 148,051 | \$ 148,051 |
| Trailhead Connector | - | - | - | 343,000 | 343,000 |
| Pilot School Busing Program | - | - | - | 30,000 | 30,000 |
| Highway 17 Bicycle & Ped Bridge | - | - | - | 52,995 | 52,995 |
| Total of New Projects | \$ - | \$ - | \$ - | \$ 574,046 | \$ 574,046 |
| Grant and Awards Project Totals: | \$ 945,842 | \$ 16,875 | \$ 1,596,873 | \$ 950,446 | \$ 3,510,036 |

FY 2018/19 KEY PROJECTS

The following Capital Improvement Plan projects are funded with grant funding and are expected to be Key Projects in FY 2018/19:

- **Traffic Signal Modernization** –This project will modernize the Town’s traffic signal controllers to allow for greater control by staff, ensure that the current system meets current safety standards, and increase the traffic flow. The Town was awarded a grant through the VTA for \$500,000 of the project budget. Full completion of this project relies on increases Traffic Impact Fees related to development projects

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

- **Park Rehabilitation - Bachman Park** – This project will make improvements to the asphalt pathway, retaining walls, as well as the park’s pathway lighting. The lighting in this particular

- **∞ CAPITAL IMPROVEMENT PROGRAM ∞**
 - **Grants and Awards Project Fund**

park is outdated and will be replaced with more energy efficient lighting fixtures. Additional improvements include: a new concrete sidewalk, landscape improvement, ivy removal, and reseeding and grading. This project uses CDBG funds for pathway improvements.

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

- **Trailhead Connector Project** –This project will fund the design of a trailhead connection for Los Gatos Creek Trail to Highway 9. The project will become a ‘shovel ready” project which allows the Town to be in a better position to obtain grant funding to fund project construction. The project is an identified priority within Measure B and the Bicycle Pedestrian Plan.

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

- **Pilot School Busing Program** – This project will explore congestion relief through piloting school bus service. The pilot school bus service will provide morning and afternoon routes to and from school, with neighborhood-based stops.

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

- **Highway 17 Bicycle & Pedestrian Bridge** – This project will fund the conceptual engineering for a potential bicycle and pedestrian bridge. Crossing Highway 17 in the project vicinity is a barrier for bicyclists and pedestrians. This is a suggested path included in the Safe Routes to School Phase 1 Study.

Operating Budget Impacts: Engineering staff time for project management is addressed in the FY 2018/19 Operating Budget.

Capital Improvement Program

STORM DRAIN FUNDS FUNDS 461, 462, 463

FUND PURPOSE

The Town's three Storm Drain Funds are designated for support of the storm drain systems that carry surface runoff water off the Town's streets and route it into curbside catch basins. From there, runoff enters an underground pipe system that ultimately flows to San Francisco Bay. These Storm Drain Funds construct and maintain the Town's facilities, which collect and transport the surface runoff water.

Storm Drain revenues are a designated portion of the fees collected from private development building permit fees. Town Code Section 24.60.010 *et seq.* requires fees to be paid in conjunction with development in specified local drainage areas. Fees collected are placed in one of these three funds, known as Storm Drain Basin #1 (Fund 461), which encompasses the eastern portion of Los Gatos town limits; Storm Drain Basin #2 (Fund 462), which encompasses a central corridor through the town; and Storm Drain Basin #3 (Fund 463), which encompasses the town's west side. The use of these funds is restricted to the construction of drainage facilities located in the designated areas.

BUDGET OVERVIEW

The use of these fees is controlled through Town Council action, and the benefit of each project is evaluated for impacts on a designated local drainage area. Expenditures from storm drain fees are limited to new construction only, not repair or maintenance work

FY 2018/19 KEY PROJECTS

Bicknell Road and Jones Road Storm Drain Improvements are scheduled for 2018, and Hernandez Avenue Storm Drain Improvements is scheduled for FY 2022/23.

☞ CAPITAL IMPROVEMENT PROGRAM ☜
Storm Drain Fund - 461

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | 450,765 | 669,661 | 721,199 | 795,382 | 795,382 | 804,219 |
| Total Beginning Fund Balance | 450,765 | 669,661 | 721,199 | 795,382 | 795,382 | 804,219 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | - | - | - | - | - | - |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | 220,821 | 46,026 | 67,807 | 45,000 | 4,987 | 45,000 |
| <i>Interest</i> | (1,925) | 5,512 | 6,376 | 3,850 | 3,850 | 4,010 |
| <i>Other Revenues</i> | - | - | - | - | - | - |
| Total Revenues | 218,896 | 51,538 | 74,183 | 48,850 | 8,837 | 49,010 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | - | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 218,896 | 51,538 | 74,183 | 48,850 | 8,837 | 49,010 |
| TOTAL SOURCE OF FUNDS | \$ 669,661 | \$ 721,199 | \$ 795,382 | \$ 844,232 | \$ 804,219 | \$ 853,229 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | - | - | - | - | - | 50,000 |
| Total Expenditures | - | - | - | - | - | 50,000 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | - | - | - | - | - | - |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | - | - | - | - | - | - |
| Total Expenditures & Transfers Out | - | - | - | - | - | 50,000 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | 669,661 | 721,199 | 795,382 | 844,232 | 804,219 | 803,229 |
| Total Ending Fund Balance | 669,661 | 721,199 | 795,382 | 844,232 | 804,219 | 803,229 |
| TOTAL USE OF FUNDS | \$ 669,661 | \$ 721,199 | \$ 795,382 | \$ 844,232 | \$ 804,219 | \$ 853,229 |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Storm Drain Fund - 462

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2017/18 | 2018/19 |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actuals | Actuals | Actuals | Adopted | Estimated | Adopted |
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | 935,033 | 972,866 | 949,644 | 1,018,786 | 1,018,786 | 1,050,086 |
| Total Beginning Fund Balance | 935,033 | 972,866 | 949,644 | 1,018,786 | 1,018,786 | 1,050,086 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | - | - | - | - | - | - |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | 41,946 | 65,038 | 60,830 | 45,000 | 45,000 | 45,000 |
| <i>Interest</i> | (4,113) | 7,560 | 8,312 | 5,000 | 5,000 | 5,240 |
| <i>Other Revenues</i> | - | - | - | - | - | - |
| Total Revenues | 37,833 | 72,598 | 69,142 | 50,000 | 50,000 | 50,240 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | - | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 37,833 | 72,598 | 69,142 | 50,000 | 50,000 | 50,240 |
| TOTAL SOURCE OF FUNDS | \$ 972,866 | \$ 1,045,464 | \$ 1,018,786 | \$ 1,068,786 | \$ 1,068,786 | \$ 1,100,326 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | - | 95,820 | - | - | 18,700 | 50,000 |
| Total Expenditures | - | 95,820 | - | - | 18,700 | 50,000 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | - | - | - | - | - | - |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | - | - | - | - | - | - |
| Total Expenditures & Transfers Out | - | 95,820 | - | - | 18,700 | 50,000 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | 972,866 | 949,644 | 1,018,786 | 1,068,786 | 1,050,086 | 1,050,326 |
| Total Ending Fund Balance | 972,866 | 949,644 | 1,018,786 | 1,068,786 | 1,050,086 | 1,050,326 |
| TOTAL USE OF FUNDS | \$ 972,866 | \$ 1,045,464 | \$ 1,018,786 | \$ 1,068,786 | \$ 1,068,786 | \$ 1,100,326 |

☞ CAPITAL IMPROVEMENT PROGRAM ☜
Storm Drain Fund - 463

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | (54,904) | (49,732) | (2,788) | 4,025 | (8,725) | (64,651) |
| Total Beginning Fund Balance | (54,904) | (49,732) | (2,788) | 4,025 | (8,725) | (64,651) |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | - | - | - | - | - | - |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | 4,927 | 47,275 | 6,831 | 2,500 | 39,826 | 2,500 |
| <i>Interest</i> | 245 | (331) | (18) | (110) | (110) | (640) |
| <i>Other Revenues</i> | - | - | - | - | - | - |
| Total Revenues | 5,172 | 46,944 | 6,813 | 2,390 | 39,716 | 1,860 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | - | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 5,172 | 46,944 | 6,813 | 2,390 | 39,716 | 1,860 |
| TOTAL SOURCE OF FUNDS | \$ (49,732) | \$ (2,788) | \$ 4,025 | \$ 6,415 | \$ 30,991 | \$ (62,791) |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | - | - | 12,750 | 150,000 | 95,642 | 50,000 |
| Total Expenditures | - | - | 12,750 | 150,000 | 95,642 | 50,000 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | - | - | - | - | - | - |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | - | - | - | - | - | - |
| Total Expenditures & Transfers Out | - | - | 12,750 | 150,000 | 95,642 | 50,000 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | (49,732) | (2,788) | (8,725) | (143,585) | (64,651) | (112,791) |
| Total Ending Fund Balance | (49,732) | (2,788) | (8,725) | (143,585) | (64,651) | (112,791) |
| TOTAL USE OF FUNDS | \$ (49,732) | \$ (2,788) | \$ 4,025 | \$ 6,415 | \$ 30,991 | \$ (62,791) |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Storm Drain Funds

STORM DRAIN CIP PROJECTS
FY 2018/19

| | <u>Est Exp</u> <u>Prior To</u> <u>FY 2017/18</u> | <u>Expenditures</u> <u>During</u> <u>FY 2017/18</u> | <u>Estimated</u> <u>Carryforward</u> | <u>New</u> <u>Funding</u> <u>FY 2018/19</u> | <u>Total</u> <u>Budgeted</u> |
|---|--|---|---|---|---------------------------------|
| Completed Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Completed Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Carryforward Projects | | | | | |
| Hernandez Avenue Storm Drain Improvements | \$ 17,180 | \$ - | \$ - | \$ - | \$ 17,180 |
| Jones Road Storm Drain Improvements | - | 18,700 | 2,300 | - | 21,000 |
| Bicknall Avenue Storm Drain Improvements | 12,750 | 95,642 | 63,108 | - | 171,500 |
| Total of Carryforward Projects | \$ 29,930 | \$ 114,342 | \$ 65,408 | \$ - | \$ 209,680 |
| New Projects | | | | | |
| Annual Storm Drain Improvement Prj | \$ - | \$ - | \$ - | \$ 150,000 | \$ 150,000 |
| Total of New Projects | \$ - | \$ - | \$ - | \$ 150,000 | \$ 150,000 |
| Storm Drain Project Totals: | \$ 29,930 | \$ 114,342 | \$ 65,408 | \$ 150,000 | \$ 359,680 |



Capital Improvement Program

UTILITY UNDERGROUND FUND 472

FUND PURPOSE

This fund accounts for the resources generated and utilized for placing overhead utility lines underground in the effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines.

The Utility Underground Fund generates revenue through a construction fee placed on building permits. The fee is imposed on the construction of any building, portion of a building, or mobile home lot. Construction by definition includes both new construction and improvements. The underground utility fee imposed is a fixed rate per square foot, currently set at \$0.18 for each square foot of building addition or alteration. The use of the proceeds of the fee is limited to the conversion of existing overhead utility lines to underground lines.

Utility Underground-funded projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects that will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are electric tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$60,000 to \$110,000 annually.

BUDGET OVERVIEW

The use of Utility Underground Fund fees is controlled through Town Council action, after the benefit of each project is evaluated to ensure appropriate application of the fees to eligible projects. Projects have not been scheduled in recent years, which have allowed the fund to accumulate funding for future Utility Underground projects. Total cash balances currently on hand from the utility undergrounding construction tax are approximately \$2.9 million at FY 2016/17 year-end. In addition, the Town may have access to over \$3.8 million in Rule 20A funds allocated from a percentage of electric bills. PG&E retains and tracks those funds. The

Town has begun a project to underground along Los Gatos Boulevard south of Lark Avenue. These projects rely on PG&E for scheduling and have long lead times. Staff expects a six-year project design timeline and is expecting project construction to begin in FY 2018/19.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Utility Underground Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | 2,687,790 | 2,814,352 | 2,881,502 | 2,929,117 | 2,929,117 | 2,973,397 |
| Total Beginning Fund Balance | 2,687,790 | 2,814,352 | 2,881,502 | 2,929,117 | 2,929,117 | 2,973,397 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | 135,959 | 44,453 | 23,165 | 30,000 | 30,000 | 30,000 |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | - | - | - | - | - | - |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | - | - | - | - | - | - |
| <i>Interest</i> | (9,397) | 22,697 | 24,450 | 14,280 | 14,280 | 14,310 |
| <i>Other Revenues</i> | - | - | - | - | - | - |
| Total Revenues | 126,562 | 67,150 | 47,615 | 44,280 | 44,280 | 44,310 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | - | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 126,562 | 67,150 | 47,615 | 44,280 | 44,280 | 44,310 |
| TOTAL SOURCE OF FUNDS | \$ 2,814,352 | \$ 2,881,502 | \$ 2,929,117 | \$ 2,973,397 | \$ 2,973,397 | \$ 3,017,707 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | - | - | - | 42,000 | - | 2,218,000 |
| Total Expenditures | - | - | - | 42,000 | - | 2,218,000 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | - | - | - | - | - | - |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | - | - | - | - | - | - |
| Total Expenditures & Transfers Out | - | - | - | 42,000 | - | 2,218,000 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | 2,814,352 | 2,881,502 | 2,929,117 | 2,931,397 | 2,973,397 | 799,707 |
| Total Ending Fund Balance | 2,814,352 | 2,881,502 | 2,929,117 | 2,931,397 | 2,973,397 | 799,707 |
| TOTAL USE OF FUNDS | \$ 2,814,352 | \$ 2,881,502 | \$ 2,929,117 | \$ 2,973,397 | \$ 2,973,397 | \$ 3,017,707 |

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Utility Underground Fund

UTILITY UNDERGROUND CIP PROJECTS
FY 2018/19

| | <u>Est Exp Prior To FY 2017/18</u> | <u>Expenditures During FY 2017/18</u> | <u>Estimated Carryforward</u> | <u>New Funding FY 2018/19</u> | <u>Total Budgeted</u> |
|---|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>Completed Projects</i> | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Total of Completed Projects</i> | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Carryforward Projects</i> | | | | | |
| Utility Undergrounding Improvements | \$ - | \$ - | \$ 112,000 | \$ 2,218,000 | \$ 2,330,000 |
| <i>Total of Carryforward Projects</i> | \$ - | \$ - | \$ 112,000 | \$ 2,218,000 | \$ 2,330,000 |
| <i>New Projects</i> | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Total of New Projects</i> | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Total of Utility Underground Projects</i> | # \$ - | \$ - | \$ 112,000 | \$ 2,218,000 | \$ 2,330,000 |

Capital Improvement Program

GAS TAX FUND FUND 481

FUND PURPOSE

Gas Tax Fund revenue is a State-provided funding source for the purpose of street and highway maintenance and reconstruction. Street and Highway Code Sections 2103 (originally Prop 42), 2105, 2106, 2107, and 2107.5 govern the Gas Tax Fund. Expenditures from this fund are restricted to new construction and reconstruction of Town streets. The general classification of street and road working activities consist of construction, maintenance, and overhead, as follow:

Construction is the building or rebuilding of streets, roads, and bridges; and the acquisition of rights of way or their component parts, to a degree that improved traffic service is provided and geometric or structural improvements are affected. The following types of work are examples of street and road construction:

- Removal of old streets and roadbeds, and detour costs connected with a construction project
- Modification of alignment, profile, and cross-section
- Addition of a frontage street or road
- Installation of original traffic signs and markers on routes
- Complete reconstruction or an addition to a culvert
- Reconstruction of an existing bridge or installation of a new bridge
- Installations or extensions of curb, gutter, sidewalks, and under drain
- Installation or expansion of street or road lighting system

Maintenance is the preservation and upkeep of a street or road condition and the operation of a street or road facility to provide safe, convenient, and economical highway transportation. Maintenance categories include:

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- Patching, repairing, surface treating, and joint filling on bituminous or concrete surfaces
- Resealing street or road shoulders and side street and road approaches
- Removing slides and restoring facilities damaged by slides
- Mowing, tree trimming, and watering within the street right-of-way
- Repairing curb, gutter, rip-rap, under drain, culverts, and drains
- Repainting of pavements, and striping and marking to the same standards
- Furnishing of power for street and road lighting and traffic control

Overhead includes those elements of cost necessary in the production of an article or performance of a service. Usually overhead relates to expenditures which do not become an integral part of the finished product or service. Overhead costs are only allowed under an approved cost allocation plan, or an equitable and auditable distribution of overhead to all departments. Components of overhead expenses include:

- Management
- Procurement
- Advertising
- Legal Costs
- Payroll
- General Accounting/Finance
- Facilities

Ineligible Activities

Although many types of work may be classified as “construction,” this does not make them automatically eligible. To be eligible the work must be for street or road purposes. The following is a list of the types of expenditures that are not eligible:

- Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation
- New installation of utilities, including water mains, sanitary sewers, and other non-street facilities
- Decorative lighting
- Work outside the right-of-way that is not a specific right-of-way obligation
- Maintenance or construction on alleys that have not been formally designated as part of the jurisdiction’s street and road system
- Improvements and maintenance to “Park and Ride” designated lots

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BUDGET OVERVIEW

The estimated Gas Tax revenue totals approximately \$1.2 million for FY 2018/19 reflecting the recently enacted Road Recovery and Repair Act of 2017 (SB1). The ongoing Street Repair and Resurfacing project was carried forward from FY 2017/18. There are no new Gas Tax funded projects scheduled for FY 2018/19.

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STATEMENT OF SOURCE AND USE OF FUNDS

| | 2014/15 Actuals | 2015/16 Actuals | 2016/17 Actuals | 2017/18 Adopted | 2017/18 Estimated | 2018/19 Adopted |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| SOURCES OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| <i>Designated</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Undesignated</i> | 297,302 | 1,075,827 | 1,651,112 | 693,506 | 693,506 | 1,434,014 |
| Total Beginning Fund Balance | 297,302 | 1,075,827 | 1,651,112 | 693,506 | 693,506 | 1,434,014 |
| Revenues | | | | | | |
| <i>Other Taxes</i> | - | - | - | - | - | - |
| <i>Carryforward</i> | - | - | - | - | - | - |
| <i>Intergovernmental</i> | 880,517 | 671,258 | 604,975 | 881,357 | 868,043 | 1,322,994 |
| <i>Town Services</i> | - | - | - | - | - | - |
| <i>Licenses & Permits</i> | - | - | - | - | - | - |
| <i>Interest</i> | 4,008 | 11,336 | 6,496 | 1,100 | 1,100 | 1,210 |
| <i>Other Revenues</i> | - | - | - | - | - | - |
| Total Revenues | 884,525 | 682,594 | 611,471 | 882,457 | 869,143 | 1,324,204 |
| Transfers In | | | | | | |
| <i>Transfer from General Fund</i> | - | - | - | - | - | - |
| <i>Transfer from CDBG</i> | - | - | - | - | - | - |
| <i>Transfers from Bulding Maint</i> | - | - | - | - | - | - |
| <i>Transfer from MIS Fund</i> | - | - | - | - | - | - |
| <i>Transfer from Equip Replacement</i> | - | - | - | - | - | - |
| Total Transfers In | - | - | - | - | - | - |
| Total Revenues & Transfers In | 884,525 | 682,594 | 611,471 | 882,457 | 869,143 | 1,324,204 |
| TOTAL SOURCE OF FUNDS | \$ 1,181,827 | \$ 1,758,421 | \$ 2,262,583 | \$ 1,575,963 | \$ 1,562,649 | \$ 2,758,218 |
| USES OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| <i>Salaries and Benefits</i> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Charges for Services</i> | - | - | - | - | - | - |
| <i>Interest Expense</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | - |
| <i>Capital Projects - New</i> | - | 1,309 | 1,463,077 | 780,000 | 22,635 | 1,218,134 |
| Total Expenditures | - | 1,309 | 1,463,077 | 780,000 | 22,635 | 1,218,134 |
| Transfers Out | | | | | | |
| <i>Transfers to General Fund</i> | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 |
| <i>Transfers to Equip Replcement</i> | - | - | - | - | - | - |
| Total Transfers Out | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 |
| Total Expenditures & Transfers Out | 106,000 | 107,309 | 1,569,077 | 886,000 | 128,635 | 1,324,134 |
| Ending Fund Balance | | | | | | |
| <i>Designated</i> | - | - | - | - | - | - |
| <i>Undesignated</i> | 1,075,827 | 1,651,112 | 693,506 | 689,963 | 1,434,014 | 1,434,084 |
| Total Ending Fund Balance | 1,075,827 | 1,651,112 | 693,506 | 689,963 | 1,434,014 | 1,434,084 |
| TOTAL USE OF FUNDS | \$ 1,181,827 | \$ 1,758,421 | \$ 2,262,583 | \$ 1,575,963 | \$ 1,562,649 | \$ 2,758,218 |

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GAS TAX CIP PROJECTS

FY 2018/19

| | Est Exp Prior To FY 2017/18 | Expenditures During FY 2017/18 | Estimated Carryforward | New Funding FY 2018/19 | Total Budgeted |
|---------------------------------------|-----------------------------------|--------------------------------------|---------------------------|------------------------------|--------------------|
| Completed Projects | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Completed Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Carryforward Projects | | | | | |
| Street Repair & Resurfacing | \$ 6,169,821 | \$ 22,635 | \$ 1,191,177 | \$ 1,218,134 | \$ 8,601,767 |
| Total of Carryforward Projects | \$6,169,821 | \$ 22,635 | \$1,191,177 | \$1,218,134 | \$8,601,767 |
| New Projects | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of New Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Gas Tax Projects | \$6,169,821 | \$ 22,635 | \$1,191,177 | \$1,218,134 | \$8,601,767 |

FY 2018/19 KEY PROJECTS

The Gas Tax Fund has one carryforward project with remaining funding and additional appropriations:

- **Street Repair and Resurfacing** – The Town's Street Resurfacing Program of preventative and deferred maintenance includes new appropriations. The work to be performed consists of a balanced program of surface seals, street reconstructions and pavement overlays, with supplemental ongoing maintenance activities performed by the Town's Park and Public Works department staff.

Operating Budget Impacts - Engineering staff time for project design and oversight is incorporated into the operating budget workplan.

