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**Title:** Presentation of the Proposed 5-Year Capital Improvement Program (CIP) for Fiscal Year 2020-2021 Through Fiscal Year 2024-2025 (Public Works Director Katsouleas).

a) DISCUSS AND PROVIDE DIRECTION

b) APPROVE

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Proposed 5-Year CIP Spreadsheet, 2. CIP Project Summary Sheets, 3. PowerPoint Presentation

Date	Ver.	Action By	Action	Result
5/7/2020	1	City Council Adjourned Regular Meeting	approved	Pass

**TO:**  
Honorable Mayor and Members of the City Council

**THROUGH:**  
Bruce Moe, City Manager

**FROM:**  
Stephanie Katsouleas Public Works Director  
Steve S. Charelian, Finance Director  
Prem Kumar, City Engineer  
Libby Bretthauer, Senior Financial Analyst  
Anna Luke-Jones, Senior Management Analyst  
Marcelo Serrano, Management Analyst

**SUBJECT:**  
Presentation of the Proposed 5-Year Capital Improvement Program (CIP) for Fiscal Year 2020-2021 Through Fiscal Year 2024-2025 (Public Works Director Katsouleas).

- a) DISCUSS AND PROVIDE DIRECTION
- b) APPROVE

**RECOMMENDATION:**  
Staff recommends that City Council receive a presentation on the Proposed 5-Year Capital Improvement Program (CIP) for Fiscal Year (FY) 2020-2021 through FY 2024-2025 and:

- 1. Review the proposed 5-Year CIP projects listed in the attachment; and
- 2. Direct staff to revise the 5-Year CIP based on any changes or modifications requested by City Council; or

3. Approve the 5-Year CIP projects list as presented.

**EXECUTIVE SUMMARY:**

The City of Manhattan Beach is committed to ensuring a well-maintained and up-to-date physical infrastructure. Indeed, a core mission of the City is to ensure that its facilities and infrastructure meet the current and future needs of the community it serves. This is achieved by planning for and implementing a robust Capital Improvement Program, one that addresses physical assets throughout the City, including streets and other rights-of-way facilities, water and sewer infrastructure, public buildings, parks and open space, and community amenities.

Public Works has prepared the attached 5-Year CIP, which updates the CIP adopted last year. Notably, the proposed 5-Year CIP does not propose any new project types, but rather only addresses budgetary changes for existing projects, inclusive of:

- Adding funding annual projects in FY 2024-2025;
- Adding capital projects that were approved by City Council this past fiscal year after the last 5-Year budget was adopted;
- Adjusting funding levels based on revised project scopes as well as revenues and grants received; and
- Reprogramming prior year appropriations into the fiscal year in which they are projected to begin implementation so that implementation schedules and funding allocations are aligned.

The proposed 5-Year CIP is presented to and reviewed by City Council and, pending any recommended changes, becomes part of the adopted plan and operating budget for FY 2020-2021.

This report includes an overview of the proposed 5-Year CIP for FY 2020-2021 through FY 2024-2025. Projects are grouped by funding sources and include prior, current, and future funding allocations. In all, there are 114 unique projects valued at just over \$142 million. City Council is being asked to review and approve the proposed 5-year CIP as presented, or recommend modifications to be incorporated prior to final approval as part of citywide budget adoption in June 2020.

**FISCAL IMPLICATIONS:**

The proposed 5-Year CIP includes 114 individual projects totaling \$142,274,428, which includes projects already underway as well as those to be initiated within the next five years. The majority of the planned expenditures are for projects approved in prior years, representing approximately \$74.6 million, while the remaining \$67.6 million represent projects planned for implementation in FY 2020-2021 through FY 2024-2025.

Collectively, the proposed 5-Year CIP budget is comprised of eight general categories:

- \$210,000 Street Lighting & Landscape Projects
- \$38.4 Million Streets, Sidewalks and Other Rights-of-Way Projects (ROW)
- \$12 Million Building, Park, Pedestrian and Signal Preemption Projects (CIP)
- \$61 Million Water Infrastructure Projects
- \$6.1 Million Stormwater Projects
- \$21.1 Million Wastewater Projects
- \$1.9 Million Parking Lot Projects
- \$1.5 Million State Pier and Lot Projects

Given the unknown impacts that the COVID-19 pandemic will have on the City's revenues and expenditures, as well as the limitations associated with gathering public input during the Governor's "Safer at Home" declaration, staff has recommended delaying consideration of new CIP projects to a future date. Staff proposes that City Council consider new projects as part of the mid-year budget presentation for FY 2020-2021, or as part of next year's 5-year CIP review. This will provide the Finance Department time to evaluate the financial impacts of the pandemic on the CIP program revenues and recommend programmatic adjustments as may be needed. In the interim, there are more than 30 active projects already underway, and more planned that will continue well into the next few years, thus there is no workload impact on CIP implementation by delaying consideration of new projects for one year.

**BACKGROUND:**

The 5-Year CIP is the City's planning tool that guides the selection and implementation of near and mid-term capital improvement projects. It is presented to and approved by City Council annually as part of the budget adoption process. Projects listed in the CIP are aligned with the City's General Plan elements as well as include the priorities of City Council, staff, user groups, and the community at large.

As part of the approval process, City Council will review the CIP funding levels proposed for FY 2020-2021 and make recommendations as may be desired. Funding for the FY 2020-2021 CIP will be appropriated as part of City Council's adoption of the City's Operational Budget in June.

**DISCUSSION:**

The 114 unique projects identified in the 5-Year CIP are grouped into eight categories based on their funding sources and project eligibility. These categories include:

1. Street Lighting & Landscape Projects
2. Streets, Sidewalks and Right-of-Way (ROW) Projects  
(funded by Gas tax, Proposition C, Measure R, Measure M and grants)
3. CIP Projects (City Facilities, Buildings, and Parks)
4. Water Infrastructure Projects
5. Wastewater Infrastructure Projects
6. Storm Drain Infrastructure Projects
7. Parking Facilities Projects
8. State Pier and Lot Projects

The body of this report highlights the 114 proposed projects listed in the 5-Year CIP by funding category. In all, they total \$142.3 million to be programmed for implementation over the next five years. It is worth noting that the majority of the eight categories listed above have very specific project eligibility criteria, negating the ability to move most projects from one category to another unless they also meet specific eligibility criteria.

A complete list of the proposed 5-Year CIP projects and their recommended funding sources and amounts is attached. Note that there are no new project types listed. All of the projects on this list were identified in the FY 2019-2020 through FY 2023-2024 CIP or individually approved by City Council during FY 2019-2020. All project line item adjustments are highlighted in red and also summarized below.

**Street Lighting & Landscape Fund                      \$210,000                      1 Project**

This category addresses the repair and replacement of the City’s streetlights. Recall that in 2019, the City purchased 825 streetlights from Southern California Edison (SCE). Transitioning from utility owned poles to customer owned poles was projected to save the City nearly \$90,000 annually. A portion of this annual savings has been allocated to future pole maintenance and pole replacement needs in the Street Lighting & Landscape Fund.

**Proposed Line Item Modification:**

- 1. Annual Streetlight Replacement: Add \$35,000 in F24/25.

**Staff Recommendation**

Staff recommends that City Council approve the one project programmed in this section of the 5-Year CIP as proposed. Please note that while the fund will grow annually, aggregated (planned) pole replacements will occur on a five to ten-year cycle as a distinct CIP using accumulated funds. Additionally, occasional single poles replacements will occur as needed using these funds.

**Streets, Sidewalks and ROW Funds                      \$38,400,339                      28 Projects**

This category of projects primarily addresses the rehabilitation, improvement and/or enhancement needs of streets, sidewalks, curbs and gutters. Projects types include street resurfacing, slurry seal applications, replacement of damaged curbs, gutters and sidewalks, intersection and turn movement improvements, capacity enhancements such as lane widening, pedestrian safety projects, and Americans with Disabilities Act (ADA) access improvements. There are four Local Return funding sources that support the projects listed in the Streets, Sidewalks and ROW category, and they are commonly combined in any given fiscal year to implement one or two larger roadway projects. In addition, there are six individual grant-funded projects listed in this category. The Local Return funding sources and the corresponding programmed revenues include:

- \$8,478,360      Streets and Highways Fund (i.e., Gas Tax), inclusive of grants from South Bay Highway Program (SBHP) and the federal Highway Safety Improvement Program (HSIP): This fund can be used for a broad array of street-and sidewalk-related projects. Both local and arterial roadway projects are eligible. This Fund also includes the voter-affirmed Senate Bill1 tax on gasoline.
- \$23,466,979      Proposition C Fund, inclusive of grants from SBHP and Metro: This fund is limited to arterial and collector transportation corridors and can be used for street rehabilitation, maintenance and access improvements on these corridors.
- \$3,935,000      Measure R Fund: This fund can be used for a broad array of street-and sidewalk-related projects throughout the City. Both local and arterial roadway projects are eligible.
- \$2,520,000      Measure M Fund: This fund can be used for a broad array of street-and sidewalk-related projects throughout the City, as well as stormwater pollution control projects. Both local and arterial roadway projects are eligible.

**Proposed Line Item Modifications - Streets and Highway Fund (gas tax)**

1. Annual Curb, Gutter and Ramp Replacement: Add \$365,000 to FY24/25.
2. Annual Slurry Seal Program: Revise title and budget programming to reflect transition to a *biennial* rather than an annual program.
3. Annual Street Resurfacing Program: Revise budget programming in FY20/21 through FY 2023-2024 to align with the *annual* spending requirements of Senate Bill 1, and add \$350,000 to FY24/25.
4. Triennial Pavement Management System: Add \$40,000 in FY23/24, as required by Metro to receive local return funding.

**Proposed Line Item Modifications - Proposition C**

5. Annual Street Resurfacing Program: Add \$1.2 million to FY24/25.
6. Sepulveda Intersection Improvements (Cedar/Marine): Reduce grant award from \$985,440 to \$500,000 due to reduced scope of work.

**Proposed Line Item Modifications - Measure R**

7. Annual Street Resurfacing Program: Add \$800,000 to FY24/25.
8. Protected Left Turn Lanes: MBB at Peck Avenue: Reallocate \$260,000 from the Aviation and 33<sup>rd</sup> Sidewalk project in FY20/21 to this project due to a \$540,000 grant award received for the Aviation Project.
9. Ocean Drive Walk Street Crossings: Reprogram the prior year appropriation to FY22/23.
10. Aviation and 33<sup>rd</sup> Sidewalk: Add \$540,000 to FY20/21 from grant funds received and reduce prior Measure R funding from \$320,000 to \$60,000, which leaves the 10% required match for the \$540,000 grant award received. The new project balance is now \$600,000.

**Proposed Line Item Modifications - Measure M**

There are no proposed changes to the Measure M programmed budget.

**Staff Recommendation**

Staff recommends that City Council approve the 28 projects programmed in this section of the 5-Year CIP as proposed. The annual and biennial projects listed (i.e. curb/gutter, resurfacing, slurry) will be implemented based on roadway priorities established in the triennial Pavement Management Program report and in conformance with the City’s biennial slurry seal cycle.

**CIP Fund**

**\$11,984,256**

**35 Projects**

This category of projects addresses all of the projects that do not typically qualify for funding from the seven other categories listed herein. The CIP Fund is generated from a combination of dedicated General Fund revenues, including transient occupancy tax (TOT), parking citations and parking meter revenues. It is used to support building and other facility improvements, park facility upgrades, studies and master plans, landscaping enhancements, signage, City-owned refuse enclosures and other right-of-way and public property improvements. The CIP Fund also includes \$1,850,000 in grants and special project funds from Proposition A, the Public Art Trust Fund, Community Development Block Grant (CDBG) program, and Manhattan Village Mall.

**Proposed Line Item Modifications**

1. Facility Improvements: Reduce FY22/23 and FY23/24 by \$50,000; Add \$600,000 in FY24/25; and

- a. Itemize “Citywide Security Cameras” for \$430,000 in FY20/21 as part of Facility Improvements work.
- b. Itemize “City Hall HVAC Replacement/Repair” for \$1.3 million as part of Facility Improvements.
- c. Itemize “Roof Replacements - Marine/Live Oak/Rec Hall,” for \$354,020, which was approved by City Council on March 17, 2020, as part of Facility Improvements.
2. Begg Field Improvements: Reprogram the prior appropriation to FY21/22.
3. City-owned Refuse Enclosure Sewer Connections: Relocate this project from the Refuse Fund (now closed out) to the CIP Fund and reprogram the \$800,000 prior year appropriation to an annual program for \$100,000, starting in FY21/22 for the next eight years.
4. Remove Sepulveda Blvd. Multimodal Streetscape Plan for \$150,000 due to budget forecast shortfall in CIP funding.
5. Annual Non-Motorized Transport Program: Reduce the FY20/21 funding by \$50,000 and eliminate the annual \$100,000 programmed for FY20/22 through FY 2024-2025 due to the budget forecast shortfall in CIP funding.
6. Annual ADA Improvements Program (grant): Add \$100,000 to FY24/25.
7. Sepulveda/Oak Neighborhood Intrusion Study: Reprogram the prior year appropriation to FY21/22.

### Staff Recommendation

Staff recommends that City Council approve the 35 projects programmed in this section of the 5-Year CIP as proposed. Many of the projects identified have already begun, and the remaining projects will be prioritized according to grant funding deadlines, as well as to City Council and departmental priorities. Notably the majority of staff effort in the coming year will be dedicated to overseeing construction of the Sepulveda Bridge project, Polliwog playground replacement and construction of the Village Field pedestrian access pathway.

## Water Fund

**\$61,031,668**

**18 Projects**

This category of projects addresses the infrastructure needs, operations and maintenance of the City’s water system, and includes water main and valve replacements, pump station refurbishments, reservoir maintenance and replacement, well pumping and treatment activities, meter upgrades and automation, and all studies and master plans. The projects in this category are fully funded through the Water Enterprise Fund using revenues collected through fixed and variable water rates. The most significant water project underway is the replacement of Peck Reservoir, which accounts for over 60% of the total funding allocated over the next five years.

### Proposed Line Item Modifications

1. Annual Pipe Replacement Program: Reallocate \$4.0 million in prior year appropriations to FY 2021-2022 through FY23/24; Add \$3.0 million to FY24/25.
2. Block 35 Ground Level Reservoir Replacement: Reprogram the prior year appropriation of \$1.2 million to FY22/23.
3. Chloramination System at Wells 11 and 15: Reprogram prior year appropriation of \$300,000 to FY 2022-2023.
4. Larsson Street and 2<sup>nd</sup> Street Booster Station Improvement: Add \$1.0 million to FY21/22 for construction.
5. Paint Block 35 Elevated Tank: Add \$800,000 to FY20/21 based on updated construction

cost estimates.

6. Peck Ground Elevated Reservoir Replacement: Add \$14 million to FY20/21 based on updated construction cost estimates.
7. Redrill and Equip Well 15: Reprogram prior year appropriation of \$650,000 to FY23/24.
8. Utility Radio Telemetry: Reprogram prior year appropriation of \$215,000 to FY22/23.
9. Well 11A Variable Frequency Drive Installation: Reprogram prior year appropriation of \$125,000 to FY23/24.
10. Well 15 Electrical Panel Replacement and VFD Installation: Reprogram prior year appropriation of \$300,000 to FY23/24.
11. Well Collection Line from Well 11A to Block 35: Remove this project from the list. Include collection line improvements as part of the Block 35 reservoir future replacement project.
12. Generator Upgrades - Larsson, Well 15 and Block 35: Remove the Larsson Street \$250,000 funding allocation due to planned booster station currently improvements underway.

### **Staff Recommendation**

Staff recommends that City Council approve the 18 projects programmed in this section of the 5-Year CIP. The majority of staff effort in the coming year will be to start construction for the Peck Reservoir, replace deteriorated sections water mains, replace water meters with automated registers, and complete repainting of the elevated tank.

## **Stormwater Fund**

**\$6,074,798**

**15 Projects**

This category of projects addresses the infrastructure needs for stormwater conveyance and compliance with national pollution discharge elimination system (NPDES) requirements. Projects include storm drain repairs and upgrades, capacity enhancements, trash capture devices, stormwater master plans and enhanced watershed management plan (EWMP) infrastructure needs (e.g., infiltration projects). The Stormwater Fund is supported by a combination of stormwater assessment fees, transfers from the General Fund, and local returns from Measure W. Note that staff plans to apply for a Measure W regional grant in FY20/21 for the Strand Infiltration Project once the feasibility analysis is completed.

### **Proposed Line Item Modifications**

1. Storm Drain Debris Collection Devices: Rename this line item “Storm Drain Capital BMPs”; add \$210,000 in FY24/25; and move \$710,000 from Manhattan Village Trash Capture Device into this category.
2. Itemize the “Strand Infiltration Feasibility Study” line item approved by City Council on April 20, 2020, using existing Storm Drain Capital BMPs funds.
3. Storm Drain Repairs: Add \$500,000 in FY20/21 using Storm Drain Capital BMPs prior year appropriations, and add another \$500,000 to FY24/25.

### **Staff Recommendation**

Staff recommends that City Council approve the 15 projects programmed in this section of the 5-Year CIP. The majority of staff effort in the coming year will be to complete the Storm Water Master Plan update, complete various storm drain repairs, and CCTV the entire storm drain network.

**Wastewater Fund**

**\$18,583,741**

**13 Projects**

This category of projects addresses the infrastructure needs, operation, and maintenance of the City’s wastewater system, and includes sewer main replacements, lift station refurbishments, radio telemetry, and all required studies and master plans. The projects in this category are fully funded through the Wastewater Enterprise Fund using revenues collected through sewer fees.

Nearly one-half of the funding allocated in this category is for sewer main replacements and repairs, and another 45% is earmarked for lift station upgrades. Lift stations are the backbone of an otherwise gravity flow system, and their proper care is paramount to the safe and effective operation of the entire wastewater system.

**Proposed Line Item Modifications**

1. Annual Rehabilitation of Gravity Sewer Mains: Add \$1.5 million in FY24/25.
2. Utility Radio Telemetry: Reprogram the prior year appropriation to FY22/23.
3. Meadows Lift Station Upgrade: Reprogram prior year appropriation to FY22/23.
4. Palm Lift Station Upgrade: Reprogram the prior year appropriation to FY22/23.
5. City Hall Lift Station Upgrade: Reprogram the prior year appropriation to FY24/25.

**Staff Recommendation**

Staff recommends that City Council approve the 13 projects listed in this section of the 5-Year CIP. Staff prioritizes sewer infrastructure repairs and replacements based on the age and condition of the pipes, useful life of operational equipment, and problematic areas of the system.

**Parking Fund**

**\$1,939,542**

**3 Projects**

This category of projects addresses the maintenance, repair, and rehabilitation of City-owned and managed public parking lots and their surrounding landscaped areas, including Metlox and three other downtown parking structures, the North Manhattan Beach parking structure and streetscape, and several beach parking lots owned by Los Angeles County. Funding for projects in this category is generated by meter fees collected at parking lots and curbside parking meters.

Notably, a structural review of Parking Lot 3 is scheduled for FY22/23 for \$150,000, with a placeholder of \$800,000 in FY23/24 for repairs based on the results and recommendations of that review. Additionally, City Council allocated \$347,184 for Phase 1 of the Wayfinding Program in December 2019. Much if that work will occur throughout the remainder of 2020.

**Proposed Line Item Modifications**

1. Included the “Wayfinding Sign Program” for \$347,184, which was approved by City Council on November 19, 2020.

**Staff Recommendation**

Staff recommends that City Council approve the 3 projects listed in this section of the 5-Year CIP.

**State Pier and Lot Fund**

**\$1,550,084**

**1 Projects**

This category of projects addresses the maintenance, repair and rehabilitation of state-owned upper and lower Pier parking lots as well as the Manhattan Beach Pier itself. Eligible projects include replacement and repair of the railing system, lighting, restrooms and deck, and installation of public safety devices. Funding for projects in this category come from the meter fees collected by visitors and patrons utilizing the upper and lower Pier parking lots. Notably, staff has initiated design efforts to replace the entire length of the Pier's railing system. The current rails were installed in the 1980s and are now beyond repair due to extensive corrosion from the salt air.

### **Proposed Line Item Modification**

1. Pier Railings: Add \$1.4 million to FY21/22 for construction.

### **Staff Recommendation**

Staff recommends that City Council approve the single project identified in this section, which is complete replacement of the pier's railing system. No other projects are programmed in this category.

### **Completed Projects Over the Past Year**

Public Works has or will have completed many capital projects by the end of June, 2020, which include:

1. Annual Curb, Gutter and Replacement Project
2. Strand Resurfacing Project
3. Annual Slurry Seal: Areas 4, 5 and 6
4. Street Resurfacing: Marine, from Sepulveda to Aviation
5. Street Resurfacing: Liberty Village
6. ADA transition plan within Public Rights of Way
7. Various City Facilities Improvements
8. City Hall 1<sup>st</sup> and 2<sup>nd</sup> Floor Restroom Remodel
9. Engineering Division Remodel
10. Fire Station 2 Design Development
11. City Wayfinding Program Master Plan
12. Veterans Parkway Access Master Plan
13. Roadway Safety Barrier Review
14. Cycle 1 Sewer Repair Project
15. Parking Meter Upgrades
16. Tree and Grate Installations - North Manhattan Beach

### **Staffing Resources and Project Workload**

The City of Manhattan Beach has seven full-time engineers dedicated to implementing the City's capital infrastructure program. They continue to make significant headway in clearing out the backlog of projects, while also taking on new projects over the past several years. Currently, there are more than 30 active CIPs underway.

In the coming year, there will be a significant amount of resources dedicated to just four exciting projects worth more than \$63.8 million combined - widening of the Sepulveda Bridge, replacing Peck Reservoir, repainting the elevated tank and replacing the pier's railings. Given their size, scope and

complexities, these four projects will impact the number of other capital projects that can be initiated over the next 12-18 months given the amount of staff time and oversight required. Additionally, there are two other large projects still under consideration - construction a new Fire Station 2 and a new Senior and Scout House, although construction timing still has yet to be determined. Depending on when they move forward, they too will impact the Engineering Division's ability to implement other planned capital projects once underway.

**CONCLUSION:**

Staff recommendations for each funding category are provided throughout this report. Overall, staff seeks approval from City Council for the proposed 114 projects listed in the 5-year CIP and appropriation of \$22,350,000 for FY2020-2021.

**PUBLIC OUTREACH:**

No outreach was conducted in development of this 5-Year CIP due to the COVID-19 pandemic and staff's subsequent recommendation to defer discussion of adding any new projects to the 5-year CIP to a future date.

**ENVIRONMENTAL REVIEW:**

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that adoption of the 5-year CIP is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

**LEGAL REVIEW:**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

**ATTACHMENTS:**

1. Proposed 5-Year CIP Spreadsheet
2. CIP Project Summary Sheets
4. PowerPoint Presentation