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Title: Presentation of the Revised Proposed 5-Year Capital Improvement Program (CIP) for Fiscal Year 2019-2020 Through Fiscal Year 2023-2024 (Public Works Director Katsouleas).
APPROVE

Sponsors:

Indexes:

Code sections:

Attachments: 1. Proposed 5-Year CIP, 2. Unfunded Project List, 3. Staff Report - April 9, 2019 (Web-Link Provided),
4. Facilities Condition Assessment, 5. PowerPoint Presentation

Date	Ver.	Action By	Action	Result
5/7/2019	1	City Council Regular Meeting		

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
Anna Luke-Jones, Senior Management Analyst
Libby Bretthauer, Senior Financial Analyst

SUBJECT:
Presentation of the Revised Proposed 5-Year Capital Improvement Program (CIP) for Fiscal Year 2019-2020 Through Fiscal Year 2023-2024 (Public Works Director Katsouleas).
APPROVE

RECOMMENDATION:

Staff recommends that City Council receive a presentation on the revised Proposed 5-Year Capital Improvement Program (CIP) for FY 2019/20 Through FY 2023/24 and:

- 1) Review the proposed 5-Year CIP projects listed in the attachment;
- 2) Confirm the projects to be included in the 5-year CIP; and
- 3) Make any other modifications as may be desired.

FISCAL IMPLICATIONS:

The revised proposed 5-Year CIP includes 128 individual projects totaling \$130,296,998. This

includes projects already underway as well as those to be initiated within the next five years. The majority of the proposed expenditures are for projects that were approved in prior years, representing approximately \$81.7 million, while the remaining \$48.6 million represents future year projects (FY 2019/20 through FY 2023/24). Collectively, the proposed 5-Year CIP budget is comprised of the following categories:

\$41 million	Streets, Sidewalks and Other Rights-of-Way Projects (ROW)
\$13.3 Million	Building, Park, Pedestrian and Signal Preemption Projects (CIP)
\$46.4 Million	Water Infrastructure Projects
\$5.5 Million	Stormwater Projects
\$19.8 Million	Wastewater Projects
\$4.3 Million	Other Miscellaneous Projects (refuse, parking, pier)

Additionally, the Unfunded Projects list includes 51 projects valued at \$88.7 million and represents facility and infrastructure improvements, pedestrian access and safety measures, recreational enhancements, security projects and ROW upgrades.

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 on a biennial basis as part of the budget adoption process. Projects listed in the 5-Year CIP are aligned with the City's General Plan elements, as well as the priorities of City Council, staff, user groups and the community at large.

On April 9, 2019, staff presented to City Council a proposed 5-Year CIP, spanning FY 2019/20 through 2023/24. After reviewing 126 projects within the eight funding categories listed, City Council directed staff to make several modifications to the proposed program, which are further described below. Additionally, the April 9, 2019, presentation included a list of 54 Unfunded Projects worth a combined \$89.5 million. Five of those projects were moved into the funded portion of the 5-Year CIP, for a total of \$1.3 million, and two projects were added, bringing the total list of Unfunded Projects to 51. These changes, along with refinements in the City's Five Year Forecast document included in the Budget, resulted in increasing the total number of funded projects to 128 and reducing the total 5-Year CIP budget by \$701,902. A copy of the revised 5-Year CIP is included with this report as an attachment.

City Council also requested a copy of the attached Facility Condition Assessment Report, which was completed in late 2013 and itemized more than 500 individual actions that were needed to maintain and upgrade various City facilities. Focus was given to:

- Identification of life safety items such as fire alarms, fire suppression, and Americans with Disabilities (ADA) compliance;
- Identification of deferred maintenance needs;
- Systems or components nearing end-of-life, such as roofing, heating and cooling, lighting, etc.; and
- Identification of lead and asbestos containing materials.

The report's findings are presented by location, and include funding estimates for repairs over a 10-year period. Several of the report's recommendations have been completed, and some are being

removed completely due to other actions that negate the need for repairs (e.g., complete replacement of Fire Station 2 and the Seniors and Scout House).

DISCUSSION:

Listed herein is a summary of the changes within each funding category over what was presented to City Council on April 9, 2019, inclusive of the 128 projects now programmed in the proposed 5-Year CIP:

Streets, Sidewalks and ROW

No changes were made to this category of projects.

34 Projects

\$40,996,784 Total Budget

- \$10,995,154 Streets and Highways Fund
- \$23,802,725 Proposition C Fund
- \$3,343,905 Measure R Fund
- \$2,855,000 Measure M Fund

CIP Fund

Several changes were made to this category of projects.

38 Projects (three added, one removed and six modified)

\$13,301,576 Total Budget (a reduction of \$201,902)

1. Added Historic Document Repository to the CIP and allocated \$250,000 in FY 2021/22.
2. Added one School District Project (to be determined) for \$250,000 to FY 2019/20.
3. Added License Plate Reader Pole for \$150,000 to FY 2019/20.
4. Removed Marine Ave. Park Synthetic Turf Project for \$441,902.
5. Increased the existing Senior and Scout House project by \$450,000 in FY 2019/20.
6. Decreased the 5-Year funding availability for Facility Improvements by \$860,000 and prioritized the Historic House Interior/Exterior Repairs project for \$200,000 within the Facility Improvements budget.

Water Fund

No changes were made to this category of projects.

22 Projects

\$46,380,732 Total Budget

Stormwater Fund

No changes were made to this category of projects.

13 Total Projects

\$5,526,367 Total Budget

Wastewater Fund

Two changes were made to this category of projects.

14 Projects

\$19,771,289 Total Budget

1. The Annual Rehabilitation of Gravity Sewer Mains project was reduced by \$500,000 in FY 2023/24.
2. The City Hall Lift Station Upgrade project was moved from FY

2022/23 to FY 2023/24.

Refuse Fund No changes were made to this category of projects.
1 Project
\$800,000 Total Budget

Parking Fund No changes were made to this category of projects.
4 Projects
\$3,280,250 Total Budget

State Pier and Lot Fund No changes were made to this category of projects.
2 Projects
\$240,000 Total Budget

Unfunded Projects Several changes were made to this list.
51 Projects (five removed, two added)
\$88,680,250 (a decrease of \$850,000)

- \$7,225,000 13 Streets and ROW Projects
- \$9,350,000 5 Building and Facility Projects
- \$21,175,000 16 Rec/Parks/Open Space Projects
- \$17,750,000 2 Water Projects
- \$10,500,000 6 Stormwater Projects
- \$14,050,000 3 Parking Lot Projects
- \$1,400,000 1 State Pier and Lot Project
- \$7,230,250+ 5 School District Projects (-\$250,000)

1. The License Plater Reader Pole project was moved to the CIP Fund for FY 2019/20.
2. The unfunded portion (\$450,000) of the Senior and Scout House project was moved to the CIP Fund for FY 2019/20.
3. The Historic House Interior/Exterior Repairs project will utilize Facility Improvements project funds in the CIP Fund for FY 2019/20.
4. The Historic Document Repository project was moved to the CIP Fund for FY 2021/22.
5. One School District project (TBD) was moved to the CIP Fund for \$250,000 in FY 2019/20.
6. The Marine Ave. Park Baseball Field Synthetic Turf project was moved to the Unfunded List.
7. The Roadway Safety Barrier Construction project was added to the Unfunded List.

In all, City Council requested that five projects totaling \$1.3 million be programmed in the proposed 5-Year CIP, and that one project be moved to the Unfunded Projects list for \$441,902. One additional project was captured on the Unfunded List - Roadway Safety Barriers Construction - pending an analysis of what other municipalities have installed.

It is important to note that these changes, along with refinements made to the Five Year Forecast, resulted in an overall decrease to the Facility Improvement allocation within the CIP Fund by a total of \$1,060,000. This leaves a cumulative balance of \$2,730,000 available for facility improvements between FY 2019/20 and FY 2023/24, far short of the \$5 million proposed annual allocation in the attached Facility Condition Assessment Report.

Lastly, based on the most recent budget projections, there are insufficient funds available to program additional projects over the next five years. Any additional projects under consideration from the Unfunded List would require that additional funding sources be identified or that existing, approved projects be “de-funded” from the 5-Year CIP. Therefore, staff recommends that City Council approve the modified, proposed 5-Year CIP for FY 2019/20 through FY 2023/24 and direct staff to finalize documents for City Council consideration and adoption on June 4, 2019.

PUBLIC OUTREACH:

As mentioned above, staff conducted extensive public outreach in the development of the 5-Year CIP project list, including:

- Open City Hall (Nov-Dec 2018)
- Fall Manhappenings (print and electronic)
- Facebook, Twitter and E-notification
- Nextdoor
- Emails to City Council, Commissioners and School District Representatives

Finally, notice of the CIP Study Session was advertised twice in the Beach Reporter.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity 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
2. Unfunded Projects List
3. Staff Report - April 9, 2019 (Web-Link Provided)
4. Facility Condition Assessment Report
5. Fiscal Years 2019-2020 and 2023-2024 Project Summary Sheets
6. PowerPoint Presentation