



DATE: June 6, 2017

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT Capital Improvement Program FY 2018 – FY 2027

RECOMMENDATION

That Council reviews and comments on the attached Recommended Capital Improvement Program (CIP) for Fiscal Year 2018 through Fiscal Year 2027.

BACKGROUND

The City of Hayward's Capital Improvement Program (CIP) is a planning document for the upcoming ten-year period that supports the City Council's priorities of Safe, Clean, Green, and Thrive, and the Complete Streets Policy. This planning document includes budget recommendations that contain revenue and expenditure estimates for capital projects. Projects include infrastructure (street construction and improvements, sewer and water systems upgrades, and storm drains), seismic retrofitting of public facilities, constructing public buildings, airport projects, information technology improvements, replacement of major equipment, and other miscellaneous projects.

The CIP development process is comprehensive and includes review by several committees/commissions. The CIP process begins with preparation of project cost estimates by staff who then submit capital project funding requests for evaluation by an internal capital projects review committee. The recommended Ten-Year CIP is compiled and presented to the Planning Commission for conformance with the General Plan, the Council Budget and Finance Committee as in previous years, and this year to the Council Infrastructure Committee for review and input, with a final review by Council at a work session. The public had the opportunity to provide comments at each of these meetings as well as at the final public hearing in June. Finally, the capital spending plan for the upcoming year is adopted by Council via resolution.

DISCUSSION & FISCAL IMPACT

The draft recommended FY 2018 – FY 2027 CIP is available for review at www.hayward-ca.gov/2018CIP and currently contains approximately \$123 million of projects for FY2018, an estimated \$492 million for the next ten years, and an additional \$400 million in unfunded needs. The CIP continues to focus on many projects related to improving the City's

infrastructure, such as improvements to fire stations, construction of the 21st Century Library and Community Center, sidewalks, streets, water, sanitary sewer facilities, and the Hayward Executive Airport. In addition, a strong emphasis continues towards the goal of upgrading the City's overall appearance, including murals and landscaping.

Road and Street Projects - FY 2017 Update:

The 880/92 Reliever Route, Phase 1 project is substantially complete. The project was designed to provide better access to and from the industrial area north of State Route 92 and west of Interstate 880, and relieve congestion on I-880 and SR-92 and major arterial streets. The total project cost is approximately \$32,050,000.

Pavement Rehabilitation FY 2016, is nearing completion with an estimated \$18,905,000 spent to rehabilitate thirty-seven lane-miles of streets and another sixty-nine lane-miles of preventative maintenance. This project was the largest paving project in City history and was primarily funded through Measure C (local sales tax approved by Hayward voters) and a combination of Measures B and BB (county sales tax measures), Gas Tax, and Vehicle Registration Fees (VRF). The project raised the City's Pavement Condition Index (PCI) from sixty-six (66) to seventy (70). While this is a significant achievement, at the current funding levels, pavement conditions for City streets will certainly deteriorate in upcoming years without additional annual funding allocations.

Road and Street Projects - FY 2018:

Road and street projects comprise 35% (\$45,299,000) of the FY 2018 CIP total. Those projects include pavement rehabilitation, curb and gutter repair, and major roadway improvements.

Pavement rehabilitation is primarily funded through Measures B (Fund 215) and BB (Fund 212), Gas Tax (Fund 210), VRF (Fund 218), Streets Improvement (Fund 450), and grants such as Local Area Transportation Improvement Program (LATIP). These funds are non-discretionary (i.e. they must be spent on street related projects). This year, a reimplemention of Rule 20A funding for underground conversion of existing overhead utilities is helping complete the Mission Boulevard Corridor Improvements. Due to the recent passage of the Road Repair and Accountability Act (SB1), an additional \$1.1 million will be received in FY18 and approximately \$2.7 million to \$3 million each year thereafter. Roadway improvement funding in each area for FY 2018 is as follows:

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|--|---------------|
| • Measure B – Local Transportation (215) | \$2,268,000 |
| • Measure BB – Local Transportation (212) | \$17,459,000* |
| • Gas Tax – (210) | \$1,500,000 |
| • VRF – (218) | \$875,000 |
| • LATIP – Mission Blvd. Corridor Improvements (410) | \$20,840,000 |
| • Rule 20A – Mission Blvd. Corridor Improvements (410) | \$2,400,000 |

* \$15,200,000 designated for Mission Boulevard Phases 2 & 3 Corridor Improvements

A key project to be undertaken in FY 2018 is Mission Boulevard Corridor Improvements Phases 2 (Industrial Parkway to southern City limits) & 3 (A Street to northern City limits) Design and Construction. The total project cost is \$45,800,000. Among the myriad items included with this work are the installation of landscaping in existing medians, installation of sidewalks, extension of greenways, and the installation of pedestrian path lighting and bike paths along Mission Boulevard. New landscaping and undergrounding of overhead utilities, among other improvements, will improve the visual appearance of the Mission Boulevard corridor. In addition, this project responds to both City's initiatives to be "clean and green" and includes complete streets components. Funding for this project will be provided using LATIP and Measure BB monies.

Another key project is Pavement Rehabilitation – FY17 & FY18 (\$12,150,000), which includes an estimated ten lane-miles of preventative maintenance and twenty lane-miles of pavement rehabilitation. Streets to be paved in this project are currently being finalized.

Pavement Management Program and Street Rehabilitation Selection:

Street selection for pavement rehabilitation each year is conducted using several criteria. First, the Pavement Management Program (PMP) evaluates current and predicts future roadway conditions, and provides a logical and efficient method of identifying street rehabilitation needs and determining implementation. Staff also refers to the Metropolitan Transportation Commission's (MTC) guidelines, Maintenance Services staff's reports on streets needing repair, especially after a severe rainy season, and public requests for street rehabilitation. The PMP is updated every two years and is a prerequisite for certain funding sources. The industry standard practice recommended by MTC is a minimum of 15% of funding to be spent on preventive maintenance and a maximum of 85% on pavement rehabilitation. Hayward exceeds this standard with a minimum of 20% spent on preventive maintenance and 80% on pavement rehabilitation. Additionally, in 2014, Council approved the Economic Development Strategic Plan, which recommended additional improvements be made to streets in the Industrial area. Approximately 15% to 20% of the overall paving budget is allocated to improvements in that area.

Building Projects:

21st Century Library and Community Learning Center and Plaza and Heritage Plaza Arboretum (Measure C Fund 406; project budget: \$65,680,000) – Work has begun on the internal wall framing and electrical, communication, HVAC, utilities, and fire sprinkler systems. Work is approximately 40% complete with an expected building completion date of March 2018. The project schedule has been impacted by the need to dispose of contaminated soil and by the higher than normal rain days during this very wet winter.

Fire Stations Nos. 1-5 Improvements (Measure C Fund 406; project budget: \$10,830,000) – Design was completed and construction began on the improvements to Fire Stations Nos. 1-5 in FY 2017. Improvements include rehabilitation and modernization, updated infrastructure, improved livability, improvements for quicker response time, and a reduced environmental footprint at each location.

New Fire Station 6 and Fire Training Center (Measure C Fund 406) – The needs assessment study demonstrated the need to renovate Fire Station No. 6; however, the cost to renovate would be near the cost of constructing a new Fire Station No. 6 incorporated with the new Fire Training Center.

The new fire training center will replace and expand on the existing fire training academy adjacent to Fire Station No. 6. The needs assessment report summarized the conditions of all existing buildings and facilities and determined them to be in poor condition, substandard, and some are not in compliance with current code requirements.

Two options for the Fire Training Center are presented in the Recommended CIP. The first is for Phase 1 improvements only with a cost of \$31,325,000. Phase 1 consists of a new two-story Fire Station 6, including an annex with lobby, administration offices and classrooms, a four-story burn building, a two-story Victorian style burn building, a supplies building, an apparatus storage and service building, a driver's training course, and roadway/utility improvements.

The second option is a full build out of the Fire Training Center for a total cost of \$48,900,000. The full build out consists of the Phase 1 improvements plus an aircraft hangar training structure, flash over fire training simulator, outdoor classroom building, Urban Search and Rescue (USAR) training structure, and an elevated BART training center. Staff is working to identify approximately \$20,000,000 or more of additional funding, which may be provided by partnering agencies. \$22,900,000 would be allocated from Measure C funds and the remaining required funding, if any, could be obtained through alternative financing.

Livable Neighborhoods:

An area of Council priority includes livable neighborhoods. Livable neighborhoods include street lighting, mural art, pedestrian traffic signal improvements, landscaping, traffic calming, the Pedestrian and Bicycle Master Plan, and the evaluation, design, and construction/improvement of sidewalks and wheelchair ramps throughout the City. Funding is through Gas Tax (Fund 210), Measures B and BB (Pedestrian and Bicycle Funds 213 and 216), and Street System Improvements (Fund 450).

In FY 2017, new sidewalks were installed on Hayward Boulevard and Donald Avenue with a cost of approximately \$1,100,000. Design has begun and construction will begin in FY 2018 for new sidewalks along sections of Walpert Street from Mission Boulevard to 2nd Street. The project is expected to cost approximately \$800,000. Districts 6 (Tennyson Road South neighborhood) and 9 (Winton, Grove, and Thelma neighborhoods) will be targeted for sidewalk rehabilitation and wheelchair ramp improvements in FY 2018.

Currently, new sidewalks are selected by prioritizing safe and accessible pathways to schools and through requests from residents. The requests are evaluated based on distance to schools, existing pedestrian routes, and pedestrian volume to determine the priorities for new sidewalks. However, with the completion of the upcoming Bicycle and Pedestrian Master Plan, a more comprehensive work plan will guide selection of these improvements.

Comprehensive Transportation Plans:

City-Wide Intersection Improvement Study – This study will evaluate and prioritize needed safety and pedestrian improvements at major intersections throughout the City. It will also provide order of magnitude cost estimates for each identified project. Lastly, staff will finalize the development of a comprehensive set of programs and policies to address neighborhood traffic calming concerns.

Transit Connector (Shuttle) Feasibility Study – Staff was successful in applying for and obtaining two grants that provided funding to determine the feasibility of and demand for a shuttle service from underserved transit sectors in the east/west Industrial areas and the Cannery area developments to the Downtown/BART station. The study is currently being finalized and is expected to be presented to Council either summer or fall of 2017.

Downtown Parking Study – Staff will finalize this effort to evaluate comprehensive short and long-term parking strategies for the Downtown area. Parking management, residential and business parking permits, and enforcement strategies will be among the policies submitted to Council for review and approval. The study report is currently being finalized and will be presented to Council during fall 2017.

Neighborhood Traffic Calming Plan (NTCP) - The NTCP will provide a well-defined toolbox to effectively utilize the most appropriate solutions combined with flexible policies to better address neighborhood traffic calming concerns.

City-wide Bicycle and Pedestrian Masterplan – Staff will undertake an update to the 2007 Bicycle Plan, which will also address pedestrian accessibility. This effort will begin in the Downtown area as part of the Downtown Specific Plan process; then, utilizing that analysis as a catalyst to develop a citywide plan.

Utilities & Environmental Services:

Capital projects for Utilities & Environmental Services (U&ES) include improvement and replacement projects to ensure that the water and sewer infrastructure needed to deliver critical utilities services is reliable, efficient, and appropriately sized to meet the current and future needs of the community. Many projects are developed with a focus on sustainability, including water conservation, energy efficiency, resource conservation and recycling, renewable energy, and stormwater runoff quality and protection.

Given the nature of water and wastewater projects, staff must be prepared to address changing priorities on short notice.

Water Systems:

The City-wide water meter replacement and Advanced Metering Infrastructure (AMI) conversion project is underway and is expected to be completed by the end of FY 2019. This project will provide the City and its water customers with hourly consumption data, which will enable improved leak detection and provide the City with a sophisticated tool to analyze water usage data and trends.

Water systems projects that address long-term adequacy and reliability remain fundamental priorities in the CIP. Options for retrofit or replacement of the Maitland and East and West Highland 250-foot reservoirs will be further evaluated in the coming years to assess the potential damage that could be caused by a future seismic event. The Garin, South Walpert, and Treeview Reservoirs will also be inspected in FY 2018 and FY 2019. If rehabilitation and/or recoating is necessary, the reservoirs will be taken out of service and rehabilitated appropriately.

Over the next ten years, an annual project will be implemented to replace existing cast iron pipes that are either reaching the end of their practical useful life as evidenced by the frequency of the main and service connection breaks and leaks, or they are hydraulically undersized. Asbestos cement water pipeline replacements at various locations will also occur over the next five years. There is a total of 300 miles of asbestos cement and cast iron pipes in the City's water distribution system. U&ES will be systematically replacing an average of four to six miles of cast iron and asbestos cement water pipelines annually, which represents approximately 2% of the existing 300 miles in the water distribution system.

A new 0.75 million-gallon water tank, pump system, and backup generator at the Garin Reservoir site will be completed in FY 2018. A second water tank will accommodate water demands and fire flow for future developments. The new pump system will also double the capacity of the existing pump station. As this reservoir will supply water to serve future developments at LaVista and potentially the Ersted property, a developer cost reimbursement arrangement for the project has been implemented.

Sewer Systems:

The Sewer Collection System will undergo several pipeline improvements in the next few years consistent with the Master Plan update for the Sewer Collection System completed in 2015.. These improvements are planned to either replace pipelines that are showing signs of age and require frequent maintenance and repair, or to upsize undersized mains to increase their conveyance capacity to handle current demand flows. These projects include areas of the City such as Cypress Avenue, Soto Road, Tyrell Avenue, Tennyson Road, and Harder Road. These are in addition to systematic sewer main replacement projects that do not have specific project locations at the time the funding is requested, to address age, condition, or hydraulic capacity.

Water Pollution Control Facility:

Noteworthy, near-term WPCF projects potentially include the replacement of an existing trickling filter that is past its useful life and does not meet current seismic standards, the renovation or construction of a new Administration Building, and construction of the new Operations Building. The new or renovated WPCF Administration Building and Operations Building will be designed to accommodate facility needs of the wastewater staff. A new, one megawatt solar project (which would be in addition to the existing one megawatt solar installation) at the WPCF is scheduled for design in FY 2018. The WPCF will also begin to study the feasibility of near shore discharge of tertiary treated wastewater in FY 2018 and prepare an associated facilities plan.

Recycled Water:

To make more efficient use of potable water, the City is currently designing a recycled water storage and distribution system to deliver the excess tertiary-treated recycled water to sites near the WPCF for use in landscape irrigation and suitable industrial processes. This project would cost nearly \$20 million and would take advantage of low interest State loan funding specifically for recycled water projects. This project is predicated on the City's ability to enter into an agreement with Calpine to utilize excess treated water from Russell City Energy Center's (RCEC's) recycled water facility (RWF). If not successful, there will be a need for the City to develop its own RWF.

Groundwater:

Although Hayward has not relied on groundwater for day-to-day water supplies since the early 1960s, the City has a long groundwater use history, relying entirely on groundwater for water supplies for over a century until an agreement was signed with the San Francisco Public Utilities Commission (SFPUC) in 1962 to supply all City water needs. The 2014 Sustainable Groundwater Management Act (SGMA) requires, for the first time, comprehensive and sustainable management of California's groundwater resources. SGMA provides a framework for sustainable management of groundwater at the local level through formation of Groundwater Sustainability Agencies (GSAs) and implementation of Groundwater Sustainability Plans (GSPs). The City of Hayward overlies a portion of the East Bay Plain Groundwater Basin and applied to become the GSA for this part of the Basin in March 2017. It is anticipated that the Department of Water Resources will designate the City as a GSA by the end of June 2017. Staff will then begin preparation of a GSP, which must be completed by January 2022.

Airport:

The Hayward Executive Airport is a self-supporting, general aviation reliever airport encompassing 521 acres. The primary function of the Airport is to relieve air carrier airports of general aviation traffic in the San Francisco Bay Area. Pavement Rehabilitation was completed on Runways 28L/10R in FY 2017 as well as completion of a new access road and

perimeter road repair. New electrical services were extended to the south side of the airport. A key project in FY 2018 will be development of an Airport Infrastructure Improvement plan. This two-part study will evaluate the condition of structures at the airport owned and operated by the City, including nineteen hangar buildings and the control tower building. After the evaluation, a forecast will be made of future aviation demand, including the anticipated type and number of based aircraft. The study will conclude with a determination of the best and highest use of current airport assets, and whether those structures should be maintained, renovated, or replaced. If replacement is indicated, the study will offer suggestions for future development based on the demand forecast. Projects will be added to the CIP based on the findings in the plan and available funding. Other major upcoming projects at the airport include:

Taxiway Alpha and Foxtrot Pavement Rehabilitation (FY18 & FY19)	\$1,075,000
Sulphur Creek Mitigation Design (FY18) and construction (FY19)	\$2,500,000*

***2,193,000 will be reimbursed from FAA Funding**

Internal Service Funds:

Internal Service Funds, primarily funded by the General Fund, are used to finance and account for goods and/or services provided by one City department to another, on a cost reimbursement basis. This year, the City Manager and Finance Director have put forth several one-time budget balancing measures to address the proposed FY 2018 operating budget deficit. Reductions to the FY 2018 allocations to the Internal Service Funds is one of the measures recommended. The figures below do not reflect any proposed reductions, which will be finalized in the adopted CIP based on any Council action with budget adoption.

Facilities:

The Facilities Fund (726) is utilized to address the improvements and upkeep necessary for many of the City’s older buildings, such as the Police Department and various fire stations. Facilities Management is primarily responsible for ensuring that the City of Hayward has working environments which are clean, safe, attractive, and comfortable. A vigorous maintenance program protects the physical assets and preserves taxpayers’ investments in public buildings, minimizes energy consumption, and prevents delays in delivery of public services. FY 2018 projects include:

Flooring Replacement at City Hall	\$140,000
Fire Alarm/Smoke Detector Replacement	\$50,000

Information Technology:

The Information Technology Capital Fund (731) addresses the City’s aging information technology infrastructure and the unmet technology needs throughout the City. In FY 2017, in addition to ongoing technology upgrade projects, the Council Chambers underwent a major upgrade and a pilot project was completed that investigated the viability of public security cameras. Projects for FY 2018 include:

Highspeed Hayward (Fiber Optic Grant Program)	\$3,382,000*
Computer Aided Dispatch (CAD) Enterprise Upgrade	\$400,000
Network Server Replacement Project	\$262,000
Network Infrastructure Replacement	\$588,000

*** \$2,745,000 provided by an EDA Grant**

Successful implementation of projects within this fund are wholly dependent on the assessment of Information Technology charges on supported departments, and possible transfers from the General Fund.

Fleet:

Fleet has two funds: one for General Fund vehicles and one for Enterprise vehicles. FY 2018 expenditures are as follows:

General Fund:

Fire Department Vehicles	\$1,055,000
Police Department Vehicles	\$1,050,000
Other General Fund Vehicles	\$1,199,000

Enterprise Fund:

Sewer Division	\$44,000
Water Division	\$51,000
Stormwater Division	\$289,000
Airport	\$150,000

Staff is committed to ensuring that the City’s fleet of vehicles reflects Council’s “green” priority. To that end, staff has thoroughly evaluated and is incorporating (where possible) the use of “green” technology into vehicle purchases. Furthermore, staff has been critically assessing the needed amount of fleet vehicles, reducing vehicles, and determining which vehicles are non-essential and thus have been or can be removed from the City’s fleet and not replaced. The primary identified funding source is internal service charges.

Identified and Unfunded Capital Needs:

The last section of the CIP is Identified and Unfunded Capital Needs. As funding becomes available, some projects on this list move to funded areas. For example, in FY 2016, due to the passage of Measure C and Measure BB, improvements to Fire Stations 1-6, Fire Training Center, the construction of the 21st Century Library and Community Learning Center, and \$1 million per year for paving improvements were moved from the unfunded list to funded projects.

As previously stated, primarily due to the passage of both sales tax measures mentioned above, the amount of the projects contained in this section has been reduced considerably from over \$510 million in FY 2015 to approximately \$400 million in FY 2018. While the approval of Measure C allowed the City to address many critical facility needs (i.e. the new Library and upgrades to Fire Stations), the single most expensive unfunded capital need is the replacement of the City's Police Building (recently estimated at \$130,000,000). This aging and outdated facility houses the City's 911 dispatch center for the Police and Fire Departments as well as the City's jail. The facility does not meet current seismic standards or the operational needs of a modern policing agency.

Costs in this section are generally broken down into the following categories:

Technology Services:	\$1,250,000
Fleet:	\$351,000
Facilities and Equipment:	\$139,509,000
Street and Transportation:	<u>\$259,142,000</u>
Total	<u>\$400,252,000</u>

It is important to reiterate that this list identifies critical needs that have, as of now, no identified funding sources. The number of projects will continue to grow over time as will the amounts needed to fund these extremely important upgrades/repairs to infrastructure and equipment.

Considering the ongoing structural deficit in the General Fund, staff has re-doubled its efforts to dedicate as many financial and staff-related resources as possible towards projects deemed as most critical to both the community and Council.

SUSTAINABILITY FEATURES

The action taken for this agenda report will not result in a physical development, purchase or service, or a new policy or legislation. Any physical work will depend upon a future Council action. Sustainability features for individual CIP projects are listed in each staff report.

PUBLIC CONTACT

A notice advising residents about the Planning Commission's public hearing on the CIP was published in the paper the requisite ten days in advance. The agenda for the Council work session on the CIP is posted in City Hall as well as the Library. A printed copy of the Recommended CIP is made available online, at the Public Works' office, at the City Clerk's office, and at the Main Library. Individual projects receive Council approval and public input as appropriate.

NEXT STEPS

Once the Council has completed the review of the Recommended CIP and offered comments during this work session, appropriate changes will be included in the Proposed CIP. The Council public hearing and adoption of the CIP budget is currently scheduled for June 20, 2017.

Prepared by: Karyn Neklason, Management Analyst II

Recommended by: Morad Fakhrai, Director of Public Works

Approved by:



Kelly McAdoo, City Manager