



DATE: April 28, 2021
TO: Council Infrastructure Committee
FROM: Director of Public Works
SUBJECT Review of Recommended Capital Improvement Program for FY 2022 – FY 2031

RECOMMENDATION

That the Committee reviews and comments on the Recommended Capital Improvement Program (CIP) for FY22 through FY31.

SUMMARY

The Capital Improvement Program (CIP) is a planning document intended to guide the City's capital project expenditures for the upcoming ten-year period. The proposed CIP budget includes approximately \$158 million in FY22 and an estimated \$562 million in the next ten years. Given that Hayward is a full-service city, the CIP covers a wide range of projects, which may include street construction and improvements; wastewater, recycled water, storm water, and water system upgrades; groundwater projects; construction of public buildings; airport projects; replacement of major equipment; clean and renewable energy generation; and other miscellaneous projects. As in past years, the document also includes Identified and Unfunded Capital Needs, which currently total \$310 million.

The Recommended FY22 – FY31 CIP can be found [here](#)¹ on the City's website and features a new online format. More information about navigating the new format can be found at the provided link, and a brief tutorial will also be provided during the presentation of this item to the Committee.

Planning Commission Review

State law requires that the Planning Commission review the Recommended CIP to ensure conformance with the City's adopted General Plan. The Recommended FY22 – FY31 CIP was presented to the Planning Commission at their April 22, 2021 meeting², and the Commission unanimously found that the Recommended FY22 – FY31 CIP is consistent with the City's 2040 General Plan.

¹ <https://www.hayward-ca.gov/your-government/documents/capital-improvement-program>

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=4917317&GUID=FB2F3433-7512-4F6F-9337-F3CE473FBE25&Options=&Search=>

BACKGROUND

The CIP process begins with staff's preparation of projects and related cost estimates, which are framed by the guidance provided by Council, as well as the needs of the community. Capital projects are identified and prioritized with an emphasis on eliminating geographic inequities in the distribution of City services and infrastructure. Highest priority is given to areas in the community that have received less than their proportionate level of improvements in past years, as well as those communities with the current highest need, as evidenced by the condition of their infrastructure.

The projects in the Recommended FY22 – FY31 CIP have also been identified and prioritized based on their relevancy to the recently adopted Strategic Roadmap and its Three-Year Vision. The CIP, by its nature, predominantly supports the Improve Infrastructure Priority, but it also includes a number of projects that support the Combat Climate Change Priority, the Support Quality of Life Priority, the Improve Organizational Health Priority, and the Grow the Economy Priority.

The projects ultimately identified for inclusion in the CIP are designed to meet the requirements of the City's General Plan, specific plans, and master plans. The capital project funding requests are then submitted for evaluation to an internal capital projects review committee. Once the review committee's feedback is incorporated, the Recommended Ten-Year CIP is compiled and presented to the Planning Commission for determination of conformance with the General Plan. In May, the Recommended Ten-Year CIP will be reviewed by Council at a work session. The public has the opportunity to provide comments at each of these meetings, as well as at the last public hearing, which is tentatively planned to take place on June 1, 2021. It is at this final public hearing that the capital spending plan for the upcoming year will be considered by Council for adoption.

DISCUSSION

The CIP is a planning document intended to guide the City's capital project expenditures for the upcoming ten-year period. The proposed CIP budget includes approximately \$158 million in FY22 and an estimated \$562 million in the next ten years. Given that Hayward is a full-service city, the CIP covers a wide range of projects, which may include street construction and improvements; wastewater, recycled water, storm water, and water system upgrades; groundwater projects; construction of public buildings; airport projects; replacement of major equipment; clean and renewable energy generation; and other miscellaneous projects. As in past years, the document also includes Identified and Unfunded Capital Needs, which currently total \$310 million. As the FY 2022 operating budgets are finalized, some of the final transfers from the General Fund to the CIP may be adjusted downwards to support the need to move closer towards a balanced budget in the General Fund.

Below is a discussion of major projects in each category for which work will begin or continue into FY22. Please note that not all of the projects featured in this report are being recommended to receive new FY22 funding.

Livable Neighborhoods Projects

Projects categorized as “Livable Neighborhoods” include street lighting projects, pedestrian traffic signal improvements, landscaping, and traffic calming measures, as well as sidewalk and wheelchair ramp improvements throughout the City. Some major Livable Neighborhoods Projects in the Recommended FY22 – FY31 CIP include the Hayward Boulevard Feasibility Study Project, which is expected to be completed in early FY22. The Study will explore opportunities to improve safety and enhance use of the 2.5-mile stretch of Hayward Boulevard from Campus Drive to Fairview Avenue.

Another major Livable Neighborhoods Project is La Vista Park, the 50-acre destination park located a quarter mile east of the intersection of Tennyson Road and Mission Boulevard in South Hayward. The project site is currently undergoing a California Environmental Quality Act (CEQA) update, after which staff will be able to finalize construction bid documents.

New sidewalk projects are another key piece of the Livable Neighborhoods category. New sidewalk project locations are typically identified through requests from residents. The requests are evaluated based on distance to schools, existing pedestrian routes, and pedestrian volume. This evaluation is used to determine the priorities for new sidewalk locations. The FY22 New Sidewalk Program includes \$1,550,000 in recommended programming and would involve constructing sidewalks on Hesperian Blvd from Catalpa Way to Bolero Ave, and along West Winton Ave from Hesperian Blvd to the Union Pacific Railroad crossing.

Road and Streets Projects

Projects in the “Road and Streets” category range from curb and gutter repair to major gateway corridor improvements and are primarily funded through non-discretionary funding including Measures B (Fund 215) and Measure BB (Fund 212), Gas Tax (Fund 210), Vehicle Registration Fee (VRF) (Fund 218), Streets Improvement (Fund 450), and grants such as LATIP and the Alameda County Transportation Commission (Alameda CTC) funds.

A key project in this category is Phase 3 of the Mission Boulevard Corridor Improvement Project, located from A Street to the northern City limit at Rose Street. This is the last phase of the three-phase Mission Blvd Corridor Improvement Project and, like the phases before it, includes undergrounding of overhead utilities, electrical service conversions of private properties, construction of bicycle cycle track, sidewalk, curb and gutter, rehabilitation of pavement, installation of traffic signals and streetlights, installation of traffic striping, pavement marking and signage, improvements to storm drains systems, installation of irrigation system and landscaping, as well as City of Hayward monument signs.

Pavement Rehabilitation

Pavement Rehabilitation projects are a subsection of the Road and Streets projects that are typically discussed separately because they represent a relatively large part of the annual CIP. Approximately \$8.7 million in Pavement Rehabilitation programming is recommended for FY22.

Street selection for pavement rehabilitation projects is based on several criteria. First, the Pavement Management Program (PMP) is used to evaluate current roadway conditions and future condition predictions. The PMP provides a logical and efficient method for identifying street rehabilitation needs and determining a path for implementation. Staff also refers to the Metropolitan Transportation Commission's (MTC) guidelines, Maintenance Services staff's reports on streets in need of 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 that a minimum of 15% of funding be spent on preventive maintenance and a maximum of 85% on pavement rehabilitation. The City improves on 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. Staff also has an internal policy to allocate at least 10% of the overall paving budget to roads with a pavement condition index (PCI) of less than 30. This year, the Pavement projects include reconstruction of two streets within the Old Highlands area, following neighborhood approval of an assessment district in this area earlier this year.

Building and Miscellaneous

The "Building and Miscellaneous" category includes projects that directly involve the construction of buildings, as well as capital projects that do not neatly fit into the other categories. One major project included in this category is the Fire Station No. 6 & Fire Training Center Project, which is currently budgeted at \$71 million. The project includes deconstruction of the existing buildings and construction of nine new buildings and structures. These new structures include the Fire Station 6/Classroom Building; Apparatus Building; Burn Building; Training Tower; Storage Building; Hangar Building; Outdoor Classroom Building; Urban Search & Rescue/BART Training Structure; and the Entry Structure. Construction, which began in early 2020, is well underway and is scheduled to be completed in 2022.

Sewer System Projects

The "Sewer Systems" category includes projects that are Enterprise Fund-supported, and that are related to the improvement of our sewer system, water re-use efforts, and Water Pollution Control Facility (WPCF).

The City's sewer line replacement projects are examples of key projects in this category. They typically involve the replacement of pipelines that are showing signs of age, or the upsizing of undersized mains to increase their conveyance capacity to handle current and future flows. With a goal of replacing an average of three miles of sewer mains annually, the proposed CIP recommends \$4.4 million in funding for the FY22 Sewer Line Replacement Program.

Other projects in this category include those related to the WPCF Phase II Facilities Upgrades. The various upgrade projects have been established following the recent development of a

Facilities Plan Update, which is intended to guide the plant's infrastructure and technology needs for the next twenty-five years. The final plan was completed in June 2020, and staff are currently working to identify a consultant to recommend to Council for completion of the design work to implement the identified improvements. The design phase of the recommended improvements is expected to last approximately eighteen months, followed by a two- to three-year construction period, with total Phase II improvement projects estimated to cost \$90 million. As recommended by the Facilities Plan Update, upgrades will include the construction of a new water laboratory and administration building, as well as improvements to the treatment facility. However, the development of a nutrient removal management strategy to meet the future State Water Board regulations is perhaps the most important aspect of the Plan. Nutrients in the San Francisco Bay are a growing concern for the environmental and science community and, as a result, requirements are being developed by the State to regulate their discharge into the Bay.

Phase I of the Recycled Water Project is also a major project in the Sewer Systems category. This project is being implemented to improve the City's overall water supply reliability and conserve drinking water supplies, and the nearly completed first phase of the project involves the delivery of tertiary treated recycled water to sites near the WPCF for landscape irrigation and industrial uses. Construction of the storage tank, pump station, and distribution pipelines for the system was completed in FY20. Construction of the treatment facility was completed in summer 2020, and recycled water deliveries to the first phase of customers are anticipated to begin in summer 2021. The Phase I customer sites include four parks, six schools, one college, nineteen private businesses, and City street landscaping.

Water Systems Projects

"Water System Projects" are Enterprise Fund-supported and are related to the improvement of our water system, as well as projects which promote water conservation. One key program in this category is the Cast Iron Water Pipeline Replacement Program. Over the next ten years, the City will continue annually 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. The Recommended CIP includes \$500,000 in annual programming to support this effort.

The FY22 Water Line Replacement Program supports the replacement existing water mains to provide adequate capacity for fire flow and to maintain the operability of the water distribution system. Water mains are selected for a variety of reasons including having exceeded service life, frequency of breaks, and/or upgrades needed for supply reliability. With a goal of replacing an average of three miles of water pipeline annually, the proposed CIP includes \$3.5 million in funding for the FY22 Water Line Replacement Program.

Fleet Management

The "Fleet Management" category is comprised of projects involving the replacement of fleet units in various departments, divisions, and work groups. Fleet purchases benefitting the Fire and Police departments are predominantly funded by transfers from the General Fund, while fleet purchases benefitting the Airport, Stormwater, Sewer, and Water divisions are

predominantly supported by Enterprise funding. Approximately \$4.3 million in FY 2022 Fleet Management category projects are included in the proposed CIP, and involve projects supporting both General Fund fleet replacement efforts, as well as Enterprise Fund-supported fleet replacement efforts.

The City maintains a fleet of approximately 450 vehicles and equipment units, and the useful life of these fleet units is maximized and managed via the 10 Year Fleet Capital Replacement Plan. The plan identifies replacement timelines based on age, mileage, maintenance, and safety. When it comes time to retire a unit, carbon emissions are a key consideration. This is in alignment with the City's Strategic Roadmap "Combat Climate Change" Priority Project No. 7 to transition 15% of total City fleet to EV/hybrid models.

In FY21, Fleet Management began a Police Hybrid Patrol Vehicle Pilot Program that included the replacement of four patrol gasoline powered vehicles with four hybrid models. After a six-month trial in 24/7 operation, the hybrid vehicles performed as required, clearing the way for the City to order future police patrol replacement vehicles as hybrids. In FY21, Fleet also purchased an all-electric ride-on lawnmower to replace a gasoline model in an effort to evaluate and purchase greener types of vehicles and equipment. The new mower is being used in the downtown area and operates quietly, eliminating noise in and around businesses and homes.

Staff are also working to invest in electric vehicles (EV) where possible and within current replacement cycles and budget parameters. Development of an implementation plan to increase City EV charging infrastructure is necessary in order to accommodate future increases in the City's EV Fleet. This EV infrastructure effort is in alignment with the City's Strategic Roadmap "Improve Infrastructure" Priority Project No. 9 to expand EV charging infrastructure for City fleet and employees.

Equipment

The "Equipment" category is predominantly comprised of equipment-related purchases supporting the Fire, Police, and Information Technology Departments, such as the purchase of Fire Department radios, purchase of fleet cameras, and replacement of aging fiber optic lines between City facilities. The recommended FY22 CIP includes programming of approximately \$3.7 million in this category.

Airport

This category encompasses all projects related to the improvement of the Hayward Executive Airport (HEA), the City's self-supporting general aviation reliever airport which encompasses nearly 500 acres. One key project in this category is the Sulphur Creek Mitigation Project, which involves the enclosure of open creek channels which cross the Airport in an effort to mitigate runway safety concerns. Construction of this project is anticipated to begin in mid 2023. The project includes a total budget of \$4.2 million, which is being provided by the Federal Aviation Administration (FAA), Caltrans Division of Aeronautics, and the City's Airport Enterprise fund.

An additional project established this year is the Skywest Property Reuse project, which involves the preparation of a conceptual plan to guide future development of the former Skywest Golf Course, located on the Airport property.

Identified and Unfunded Capital Needs

The last section of the Recommended FY22 – FY31 CIP is the Identified and Unfunded Capital Needs section. This list was last significantly modified for the FY 2016 CIP to remove projects that were funded with Measure C and Measure BB funds, like improvements to Fire Stations 1-6, construction of a new 21st Century Library and Community Learning Center, and \$1 million per year for paving improvements. A significant reduction occurred with street and transportation-related projects, due to the passage of Measure C, Measure BB, and the Road Repair and Accountability Act (RRAA) (SB1).

While the approval of Measure C allowed the City to address many critical facility needs (e.g., the new Library, upgrades to Fire Stations, and the new Fire Training Center), significant needs still exist. The facility update to the City’s Corporation Yard (Corp Yard) is one such capital need that remains unfunded. The Corp Yard is comprised of six buildings on Soto Road which were originally constructed in the early 1980s and are in need of major improvements. The necessary improvements to the Corp Yard were estimated several years ago to amount to more than \$50,000,000. The Recommended CIP includes a “Corporation Needs Assessment” Project, which would fund the development of a revised assessment to determine the current improvement needs and updated costs.

Another significant need proposed to be added to the Unfunded Capital Needs list as part of the Recommended CIP is the South Hayward Youth and Family Center, which currently has an unfunded need of an estimated \$32,000,000 for the construction phase of the project.

Unfunded Capital Needs are generally broken down into the following categories:

Fleet:	\$600,000
Airport:	\$16,500,000
Facilities and Equipment:	\$91,450,000
Street and Transportation:	<u>\$201,502,000</u>
Total:	\$310,052,000

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 and repairs to infrastructure and equipment.

ECONOMIC IMPACT

The direct economic impact of these projects is not quantifiable. However, maintaining and improving the City’s infrastructure, fleet, and equipment will have an unquestionable impact on maintaining and improving economic health and vitality of the City. It is also important to

note that capital projects are identified and prioritized with an emphasis on eliminating geographic inequities in the distribution of City services and infrastructure. Highest priority is given to areas in the community which have received less than their proportionate level of improvements in past years, as well as those communities with the current highest need, as evidenced by the condition of their infrastructure.

FISCAL IMPACT

The capital budget for FY22 totals about \$158 million, with a total of approximately \$562 million tentatively programmed for the entire ten-year period from FY22 through FY31. An additional \$310 million of unfunded needs have been identified for the same period.

Five of the twenty-three CIP funds rely on transfers from the General Fund for project expenses. The following table reflects the proposed General Fund transfers to these five funds when compared to FY21. The FY20 General Fund transfers are also included for reference.

CIP Fund	FY20 GF Transfer	FY21 GF Transfer	FY22 GF Transfer	Increase over FY21
405/Capital Projects (General)	\$4,888,000	\$15,000	\$2,300,000	\$2,285,000
410/Route 238 Corridor Improvement	-	-	\$185,000	\$185,000
460/Transportation System Improvement	\$233,000	\$340,000	\$650,000	\$310,000
726/Facilities Management Capital	\$268,000	-	\$150,000	\$150,000
731/Information Technology Capital	\$390,000	\$435,000	\$950,000	\$515,000
Total Cost to General Fund	\$5,814,000	\$790,000	\$4,235,000	\$3,445,000

Four of the CIP funds are also Internal Service Funds, meaning they use Internal Service Fees (ISF) to finance project expenses. Internal Service Fees are collected when one City department provides a service to another, drawing those service expenses from the operating budget of the benefiting department. Although some departments are funded by Enterprise funds, many are part of the General Fund. The total proposed Internal Service Fees for FY22 are shown below – again these may be adjusted as the final operating budgets are prepared. The FY20 ISF amounts are also included for reference.

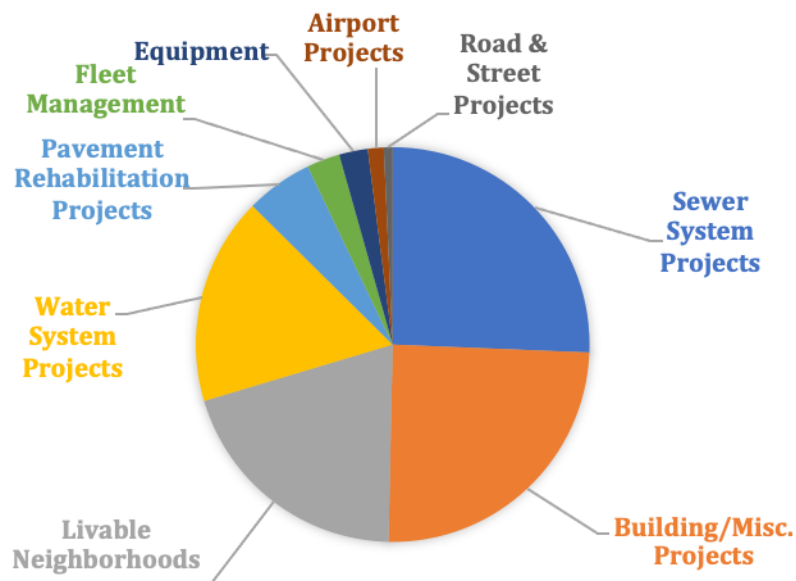
CIP Fund	FY20 ISF	FY21 ISF	FY22 ISF	Increase over FY21
726/Facilities Management Capital	\$214,000	\$300,000	\$350,000	\$50,000
731/Information Technology Capital	\$756,000	\$756,000	\$800,000	\$44,000
736/Fleet Management Capital (General Fund)	\$3,100,000	\$500,000	\$1,500,000	\$1,000,000
737/Fleet Replacement	\$552,000	\$657,000	\$657,000	-

(Enterprise Funds)				
Total ISF	\$4,622,000	\$2,213,000	\$3,307,000	\$1,094,000

As displayed in the tables above, there is an overall increase of \$3,445,000 in General Fund transfers over FY21, and an increase of \$1,094,000 in ISF over FY21. It is important to note that some of the ISFs referenced above do have a General Fund impact, as many Departments paying ISF are funded by the General Fund. Fund 736 for General Fund Fleet Replacement, for instance, supports fleet replacement efforts for the Fire Department, Police Department, and other General Fund-funded departments, and therefore has a direct General Fund impact.

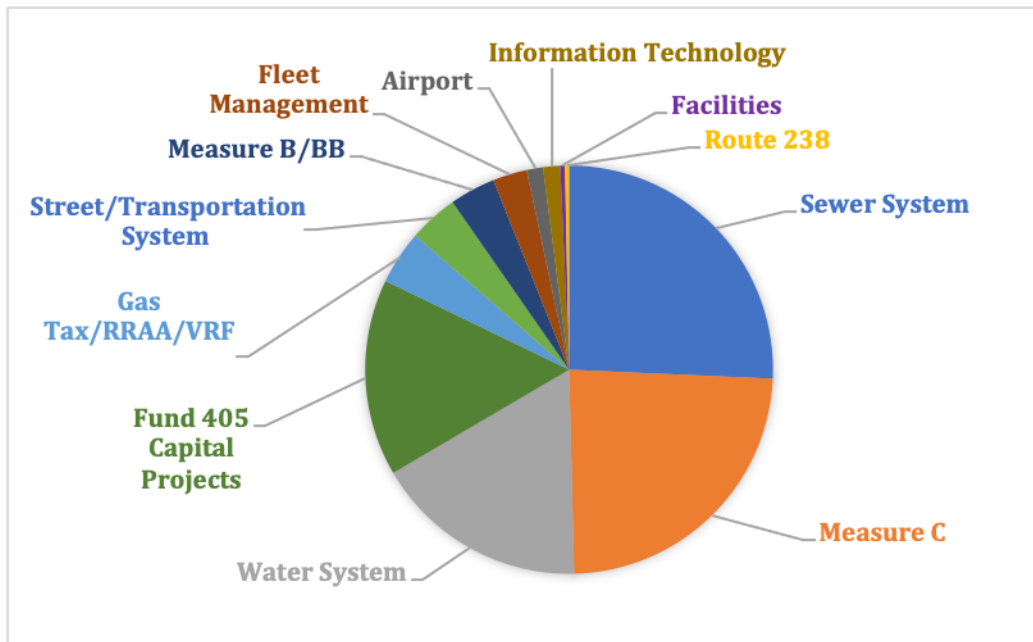
The proposed project costs by CIP category are as follows:

Project Category	FY21 Adopted	FY22 Recommended	Increase/ (Decrease) from FY21 CIP
Sewer System Projects	\$14,351,000	\$40,437,390	\$26,086,390
Building/Misc. Projects	\$18,805,000	\$38,946,000	\$20,141,000
Livable Neighborhoods	\$11,880,000	\$31,603,000	\$19,723,000
Water System Projects	\$6,040,000	\$26,821,000	\$20,781,000
Pavement Rehabilitation Projects	\$9,728,000	\$8,688,000	(\$1,040,000)
Fleet Management	\$1,215,000	\$4,285,000	\$3,070,000
Equipment	\$1,956,000	\$3,718,000	\$1,762,000
Airport Projects	\$1,787,000	\$2,052,000	\$265,000
Road & Street Projects	\$6,812,000	\$1,144,000	(\$5,668,000)
Total Capital Improvement Projects	\$72,574,000	\$157,694,390	\$85,120,390



The proposed project costs in each CIP Fund are as follows:

CIP Fund	FY22 Recommended
(210) Special Gas Tax	\$2,968,000
(211) RRAA (SB1)	\$2,900,000
(212) Measure BB - Local Transportation	\$2,100,000
(213) Measure BB - Ped & Bike	\$670,000
(215) Measure B - Local Transportation	\$1,650,000
(216) Measure B - Ped & Bike	\$550,000
(218) Vehicle Registration Fund	\$850,000
(219) Measure BB - Paratransit	\$750,000
(405) Capital Projects	\$24,593,000
(406) Measure C Capital	\$37,700,000
(410) Rte. 238 Corridor Improvement	\$0
(411) Rte. 238 Settlement Admin	\$520,000
(450) Street System Improvements	\$4,692,000
(460) Transportation System Improvements	\$1,450,000
(603) Water Replacement	\$12,395,000
(604) Water Improvement	\$14,342,000
(611) Sewer Replacement	\$21,642,390
(612) Sewer Improvement	\$18,886,000
(621) Airport Capital	\$2,052,000
(726) Facilities Capital	\$580,000
(731) Information Tech Capital	\$2,119,000
(736) Fleet Management Capital	\$2,590,000
(737) Fleet Management Enterprise	\$1,695,000



STRATEGIC ROADMAP

The 2024 Vision and Strategic Roadmap adopted in 2020 are at the forefront of the City's capital project planning efforts. To the greatest extent possible, a formal management and implementation process ensure that CIP projects are aligned with the City's Strategic Roadmap and that the value each generates is maximized.

CIP Projects touch the Combat Climate Change, Support Quality of Life, Grow the Economy, and Improve Organizational Health Priorities. However, they predominantly support the Improve Infrastructure Priority.

SUSTAINABILITY FEATURES

While the proposed projects are aligned with and advance the Council's sustainability goals and policies, 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 require future Council action. Sustainability features for individual CIP projects are listed in each staff report.

PUBLIC CONTACT

The public has the opportunity to review and comment on the CIP at this evening's Committee meeting and will again at the Council Work Session, which has been tentatively scheduled for May 18, 2021, as well as at the Council Public Hearing, tentatively scheduled for June 1, 2021.

Staff previously presented the Recommended FY22 – FY31 CIP to the Planning Commission at their April 22, 2021 meeting, at which the Commission unanimously found that the CIP was in conformance with the Hayward 2040 General Plan. A notice advising residents about the Planning Commission Public Hearing on the CIP was published on April 9, 2021 in *The Daily Review* newspaper. Another Public Notice will be published in the *Daily Review* newspaper at

least ten days in advance of the Council Public Hearing on June 1. A copy of the Recommended CIP is made available online and by contacting the office of the City Clerk. Additionally, individual projects receive Council approval and public input as appropriate.

NEXT STEPS

Once the Committee has reviewed and offered comments on the Recommended CIP, staff will incorporate this feedback. Then, the CIP will be reviewed at a Council Work Session, tentatively scheduled for May 18, 2021, and then again at a public adoption hearing tentatively scheduled for June 1, 2021.

Prepared by: Kait Byrne, Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager