DATE: May 7, 2019

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Review of Capital Improvement Program for FY 2020 – FY 2029

RECOMMENDATION

That the Council reviews and comments on the attached Recommended Capital Improvement Program (CIP) for FY 2020 through FY 2029.

SUMMARY

The City's Capital Improvement Program (CIP) is a planning document for the upcoming ten-year period. It supports the City Council's priorities of Safe, Clean, Green, and Thrive, and the three Strategic Initiatives – Complete Communities, Complete Streets, and the Tennyson Corridor. 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, construction of public buildings, airport projects, information technology improvements, replacement of major equipment, and other miscellaneous projects.

The proposed CIP budget includes approximately $148 million in various projects in FY 2020 and an estimated $520 million in the next ten years. Given that Hayward is a full-service city, the CIP covers a wide range of projects, including Roadways and Streets, Transportation, Buildings, Water System, Groundwater, Wastewater System with a Water Pollution Control Facility, Recycled Water, Renewable Energy, and Airport. The CIP likewise includes projects and purchases for Facilities, Information Technology, and Fleet vehicles. As in past years, the document also includes Identified and Unfunded Capital Needs, which currently total over $400 million.

Council Infrastructure Committee Review

Although the Council Infrastructure Committee (CIC) reviewed several individual CIP projects over the course of the year, due to time constraints, the CIC did not get the opportunity to review the Capital Improvement Program for FY 2020 – FY 2029 in its entirety. The CIC did, however, identify several policy-related CIP focus areas to discuss in depth at upcoming CIC meetings and over the coming years and will formulate recommendations for Council consideration for FY 2021.

BACKGROUND

The ten-year CIP includes projects to construct or replace infrastructure (street construction and improvement, sewer and water system upgrades, and storm drains), seismic retrofitting of public facilities, construction of public buildings, airport projects, information technology improvements, replacement of major equipment, and other miscellaneous projects. Capital needs are guided by the City's General Plan, approved specific plans, master plans, and special studies. The annual CIP development process is comprehensive and includes various reviews by and input from committees, commissions, including needs and concerns expressed by community members during the process. The CIP projects are subsequently identified and recommended by staff annually based on this process and include cost estimates for evaluation by an internal capital projects review committee, consisting of an interdepartmental team that includes some Executive Team members and other key staff. The CIP is ultimately presented to the Planning Commission for finding of conformance with the General Plan prior to Council consideration. The public typically provides comments at these various stages of the process, including and leading up to the final Council public hearing. Finally, the capital spending plan for the upcoming year's CIP is considered by Council for adoption.

DISCUSSION

The Draft Recommended FY 2020 – FY 2029 CIP [1] currently contains approximately $148 million of projects for FY 2020, an estimated $520 million for the next ten years, and an additional $410 million in unfunded identified needs (see Attachment II for Fund Summaries). The CIP continues to focus on many projects related to improving the City's infrastructure, such as improvements to fire stations, design and construction of the New Fire Training Center, sidewalks, streets, water, sanitary sewer facilities, and the Hayward Executive Airport. Producing clean and renewable energy and working to meet Council's goals of zero net energy by 2025 continues to be a focus area. 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 2019 Update

Construction of Phase 2 of the Mission Blvd. Improvement Project (Industrial to the South City limit) began in March 2018 and is anticipated to be completed in late 2019. In addition to roadway reconstruction, this project includes 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 is in keeping with the City's complete streets initiative. Funding for this project is provided by Local Area Transportation Improvement Program (LATIP) and Alameda County Transportation Commission funds.

[1] **Draft Recommended FY 2020 - FY 2029 CIP Link:** https://www.hayward-ca.gov/your-government/documents/capital-improvement-program

The design of Phase 3 (A Street to the North City Limit) is near completion and is anticipated to begin construction in the Fall of 2019. The total project cost for Mission Blvd. Corridor Improvement Phases 2 and 3 is approximately $46 million.

The FY 2019 Pavement Rehabilitation & Preventive Maintenance Project is set to begin construction in Spring 2019 and be completed in Fall 2019 with an estimated $6.7 million project budget to repair 16 lane miles of pavement throughout the City.

Road and Street Projects – FY 2020

Road and street projects comprise 16% ($24 million) of the FY 2020 CIP total. These projects include everything from curb and gutter repair to major roadway improvements.

Road and street improvements are primarily funded through Measure 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. These funds are non-discretionary (i.e. they must be spent on street related projects). Roadway improvement funding in each area for FY 2020 is as follows:

Gas Tax – (210)	$286,000
Measure B – Local Transportation (215)	$510,000
VRF – (218)	$800,000
LATIP – Mission Blvd. Corridor Improvements (410)	$9,200,000
Rule 20A – Mission Blvd. Corridor Improvements (410)	$113,000
Rule 20B – Mission Blvd. Corridor Improvements (410)	$125,000
Alameda CTC – Mission Blvd. Corridor Improvements (410)	$10,000,000
Street System Improvement (450)	$4,055,000
Transportation System Improvement (460)	$325,000

Pavement Rehabilitation Projects

Pavement rehabilitation projects have been identified separately from road and street projects and comprise 7% ($11 million) of the FY 2020 CIP total.

Pavement rehabilitation is primarily funded through Road Repair and Accountability Act (RRAA) (Fund 211), Measure B (Fund 215) and Measure BB (Fund 212), Gas Tax (Fund 210), VRF (Fund 218), and Streets Improvement (Fund 450). These funds are non-discretionary (i.e. they must be spent on street related projects). Roadway improvement funding in each area for FY 2020 is as follows:

Gas Tax – (210)	$1,120,000
RRAA – SB1 (211)	$2,750,000
Measure BB – Local Transportation (212)	$2,270,000
Measure B – Local Transportation (215)	$2,050,000
VRF – (218)	$775,000
Street System Improvement (450)	$1,978,000

Pavement Management Program and Street Rehabilitation Selection Process

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 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 that 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 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.

Building Projects

The new Fire Station No. 6 and Fire Training Center includes deconstruction of the existing buildings and construction of nine new buildings and structures. These include: 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. Design will continue into summer of 2019 and construction is targeted to begin in the fall of 2019.

Design and construction of the Hayward Housing Navigation Center is expected to be completed in FY 2020. This project includes targeted outreach services to existing homeless encampments in Hayward primarily for placement of individuals at the center, short-term housing in a low-barrier shelter environment in modular buildings, and intensive case management and housing placement services for existing and former residents of the Center. A total cost for initial implementation is approximately $500,000, which is fully funded through a grant secured from the State of California.

Livable Neighborhoods

An area of Council priority includes livable neighborhoods. Livable neighborhoods include street lighting, mural art, parks, pedestrian traffic signal improvements, landscaping, traffic calming measures, and sidewalk and wheelchair ramp improvements throughout the City.

Funding is through Gas Tax (Fund 210), Measures B and BB (Pedestrian and Bicycle Funds 213, 215, and 216), Capital Projects (Fund 405), Measure C (Fund 406), and Street System Improvements (Fund 450). The Tennyson Corridor Landscaping Improvement Project ($350,000) is funded by Measure C (Fund 406).

In late spring of 2019, construction will begin for new sidewalks along sections of Muir, Calhoun, and Walpert Street. Districts 6 (Tennyson Road South neighborhood) and 9 (Winton, Grove, and Thelma neighborhoods) will be targeted this year for sidewalk rehabilitation and wheelchair ramp improvements.

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 (discussed below), a more comprehensive work plan will guide selection of these improvements.

The construction of La Vista Park, a new 50-acre hillside park consisting of a ridge trail, sports field, amphitheater, celestial garden, and other amenities, is scheduled to begin construction in FY 2020. The total project cost is approximately $23 million.

Comprehensive Transportation Plans

City-Wide Multi-Modal Improvement Study

This study will evaluate and prioritize needed multi-modal improvements throughout the City focusing on accessibility, safety, mobility, and existing deficiencies. A definitive plan to programmatically develop and improve Hayward's transportation system is necessary to correct the existing deficiencies and meet future needs. The analysis will provide a roadmap for improving multi-modal transportation systems in the City that is fully built out and has significant rights of way and budget constraints for road widening. It will allow the City flexibility to improve system-wide multimodal transportation instead of strictly adhering to a traffic LOS standard that may contradict community goals. It will establish a better understanding of existing and future transportation infrastructure deficiencies and future improvements needed to support new development needs. It will enhance operations and safety for all modes of transportation rather than solely enhancing operations and safety for vehicular traffic. And most importantly, it will develop implementation and funding mechanisms to help the City identify funding shortfalls. These funding mechanisms may take the form of a proposed Traffic Impact Fee that would be levied on future development projects as a vehicle to fund the recommended improvements that are required to mitigate development impacts.

Downtown Specific Plan Implementation Project

Staff will initiate a detailed analysis of the recommended short and mid-term multi-modal projects from the recently adopted Downtown Specific Plan. The comprehensive analysis will concentrate on the feasibility of converting "A", "B", and "C" Streets from one-way to two-way operations within the downtown core. Constraints, benefits, and preliminary cost estimates will be developed to guide further policy decisions. Foothill Boulevard will also be evaluated

for potential improvements to re-use excess right of way in a more equitable and multi-modal accessible manner.

City-wide Bicycle and Pedestrian Masterplan

The work has started on an update to the 2007 Bicycle Plan, which will also address bicycle and pedestrian accessibility. This effort will begin in the Downtown area as part of the Downtown Specific Plan process; then, that analysis will be utilized as a catalyst to develop a citywide plan. The plan will be submitted to Council for review and subsequent adoption in early 2020.

Tennyson Road Complete Streets Feasibility Study

In accordance with the Complete Streets and Tennyson Corridor strategic initiative goals and objectives, staff will initiate a complete streets feasibility study to improve safety for all modes of travel. The goal of the feasibility study is to make the Tennyson corridor safe, comfortable, and convenient for travel for everyone, regardless of age or ability, including motorists, pedestrians, bicyclists, and public transportation riders. Complete Streets balance the diverse needs of the users of the public right-of-way and help reduce pedestrian and bicyclist collision rates by identifying appropriate facilities for these users.

Hayward Boulevard Feasibility Study

In conjunction with the Neighborhood Traffic Calming Program (NTCP), which focused on neighborhood and residential streets, staff identified the need to address speeding on collector and arterial streets. These streets play a major role in connecting multiple neighborhoods and accommodating commute traffic, bicycle and pedestrian traffic, and transit and freight vehicles. Due to the higher speeds along such corridors, collisions have the potential to result in property damage and injuries that are more severe compared to lower speed collisions on residential streets. Communities along arterial/collector streets, such as the Hayward Boulevard corridor, have raised multiple concerns regarding pedestrian/bike safety, collisions, and excessive speeds. These concerns, coupled with high pedestrian activity due to their proximity to schools and the horizontal and vertical curvature of Hayward Boulevard, need to be addressed in a comprehensive manner. The proposed feasibility study will identify creative, cost-effective solutions that will improve multi-modal safety and connectivity along the constrained corridor. After the issuance of a RFP, a consultant team was selected and will be presented to Council. During the projected eight-month schedule, significant outreach will be conducted to garner feedback from those that live along the Hayward Boulevard corridor and those who use it for both commute and recreational purposes.

Innovative Deployment to Enhanced Arterials (IDEA)

Due to its unique location in the heart of the Bay Area, Hayward experiences congestion due to both regional and local traffic. Council has consistently expressed its desire to address congestion more efficiently. Staff also continues to investigate and explore transportation

technologies and market driven solutions that will have positive benefits such as reducing traffic accidents and enhancing the productivity of our existing signal assets. Staff was recently successful in obtaining an IDEA grant from the Metropolitan Transportation Commission (MTC) that will fund installation of advanced blue tooth technologies, data driven tools, and processes that can monitor and analyze the City's unique traffic patterns, help address congestion, and improve the operations of the traffic network. This grant will deploy an Automated Traffic Signal Performance Measures (ATSPM) system at a total of thirty-four (34) signalized intersections on the corridors of Tennyson Road, Foothill Boulevard, Mission Boulevard and Second Street. These high-powered tools will enable real-time, performance monitoring capabilities and improve travel time reliability along major corridors, enhance safety for all modes of transportation, and reduce transportation related greenhouse gases.

The existing conditions report, needs assessment, concept of operations, and functional requirements documents are completed for the project. The Request for Proposal (RFP) is scheduled to be released in June 2019 to procure an ATSPM vendor. Based on the qualifications, an appropriate vendor will be selected and the installation of ATSPM system is anticipated to be completed by the end of the year 2019.

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. 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.

Water Systems

The Utilities Division implements capital improvement projects to ensure Hayward's water and wastewater services meet the highest standards of quality, reliability, efficiency, and safety. The new Garin reservoir and pump station is currently under construction and expected to be completed by early FY 2020. This project will provide additional water storage and pumping capacity to serve new development and also improve water quality and reliability for existing water customers.

Even with California's most recent drought emergency having been declared over, the City continues to highlight the need for conservation and efficient use of water resources to our water customers. Several CIP projects are aimed at addressing this topic. Funding is continued for programs that incentivize conservation measures, such as conversion of lawn areas, purchase of rain barrels, and replacement of existing fixtures like toilets with high efficiency models via the City's rebate programs.

Over the next ten years, the City will be gradually increasing funding to annually replace existing cast iron and asbestos cement 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. There are 300 miles of asbestos cement and cast-iron pipes in the City's water distribution system, and staff plans to systematically replace 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. The proposed CIP includes a proposed $1 million in additional annual funding for water system replacement.

Sewer Collection Systems

The Sewer Collection System will undergo several pipeline improvements in the next few years. 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 and future flows. One such project is the replacement of approximately 170 feet of a sanitary sewer pipeline that connects from the housing development along Willimet Way across the I-880 freeway. The project's location and extremely difficult access conditions pose challenges, but staff anticipates that design and construction will be completed by the end of FY 2020. The proposed CIP includes a proposed $1 million in additional annual funding for sewer collection system and WPCF facility replacements.

Water Pollution Control Facility

The City needs to embark on Phase 2 of the Water Pollution Control Facility (WPCF) Improvements, total costs for which could reach $100 million. In the meantime, the State Water Board is developing regulations related to future wastewater treatment requirements. In view of this, Council has approved a WPCF Facilities Plan that is currently under development and scheduled to be completed by early FY 2020.

The Facilities Plan is intended to provide a comprehensive planning document that will guide the WPCF infrastructure needs for the next 25-year planning period, including the design and construction of the Phase 2 WPCF Upgrade. The Facilities Plan will determine the most appropriate technologies and identify the costs for inclusion in the next treatment facility upgrades. The project also includes a conceptual plan for construction of a new water laboratory and administration building. The development of the nutrient removal management strategy to meet future regulatory requirements for discharge into the San Francisco Bay (Bay) is the most important task of the Facilities Plan. Nutrients in the Bay are a growing concern for the Bay Area water quality community. WPCF is piloting a nutrient removal technology using a Membrane Aerated Biofilm Reactor (MABR), which allows it to address the increasing regional water quality concerns and achieve the nutrient removal at a very high treatment rate in an energy efficient manner. The MABR pilot study at WPCF is the first in the Bay Area to use this innovative technology, which has attracted strong interest among the wastewater community. During the one-year study, the MABR consistently displayed efficient and reliable removal of nutrients from the wastewater. The results and findings of the study support that the MABR technology can potentially be employed by WPCF in the Phase 2 Upgrade, to meet the future effluent standards set by the Regional Water Quality Control Board and serve as model for other treatment plants.

Recycled Water

To improve overall water supply reliability and conserve drinking water supplies, the City is implementing a recycled water project to deliver tertiary-treated recycled water to sites near the WPCF for landscape irrigation and industrial uses. The total cost of the treatment facility, storage, distribution system, and customer connections are estimated at approximately $30 million and would take advantage of grants and low interest loan funding secured from the State for implementation of recycled water projects. The construction of the storage tank, pump station, and distribution pipelines system is scheduled to be completed by June 2019. Construction of the treatment facility and customer connections to the recycled water system are scheduled to be completed by spring 2020, with recycled water deliveries anticipated to begin by end of FY 2020.

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 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 City currently relies on groundwater for emergency water supply needs. The 2014 Sustainable Groundwater Management Act (SGMA) requires, for the first time, comprehensive and sustainable management of California's groundwater resources 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 formally became a GSA for this portion of the Basin in June 2017. East Bay Municipal Utility District (EBMUD) is the GSA for the remaining portion of the Basin. The City and EBMUD are jointly developing a single GSP for the entire Basin and have been awarded a $1 million grant from the Department of Water Resources to help fund preparation of the GSP. Development of one GSP is currently underway and stakeholder groups have been formed to provide the GSAs with input and guidance throughout the process. The GSP must be completed and implemented prior to January 2022.

Stormwater

The Environmental Services Division implements a variety of programs to ensure the City's compliance with the Municipal Regional Stormwater Permit (MRP) issued by the San Francisco Bay Regional Water Quality Control Board. One requirement of the MRP is to achieve 100% trash reduction in the storm drain system by 2022. Several trash capture devices have been installed in the storm drain system and some have been funded by an $800,000 grant from the US Environmental Protection Agency. There is approximately $450,000 in grant funds remaining. An additional trash capture device is scheduled to be installed in Arf Avenue in FY 2020 and is estimated to cost $650,000.

Airport

The Hayward Executive Airport is a self-supporting, general aviation reliever airport encompassing 473 acres. The primary function of the Airport is to relieve air carrier airports of general aviation traffic in the San Francisco Bay Area. Recent improvements include pavement rehabilitation on Runways 28L/10R and repairs to the perimeter road, as well as the extension of electrical services to the South side of the Airport.

Upcoming projects include:

Taxiway Foxtrot and Zulu pavement rehabilitation	$951,000
Improvements to City-owned hangars	$450,000
Sulphur Creek mitigation design (FY 2018 and FY 2019) and construction (FY 2020) *	$3,659,000

*$3,513,000 of this amount reimbursed through FAA funding

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 that 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. Major FY 2020 projects include:

Facility Security Infrastructure	$200,000
Animal Control Facility Update	$100,000
ADA Upgrades and Improvements	$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 2019, in addition to ongoing technology upgrade projects, the IT team introduced innovative solutions to City such as the Knightscope security robot patrolling the City Hall parking structure and new library.

Projects for FY 2020 include:

Computer Aided Dispatch Upgrade for Public Safety	$275,000
Network Server Replacement Project	$150,000
Network Infrastructure Replacement	$150,000

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 2020 expenditures are as follows:

General Fund:	
Fire Department:	$1,482,000
Police Department:	$950,000
Other General Fund:	$1,230,000
Enterprise Funds:	
Airport:	
Stormwater Division:	$350,000
Sewer Division:	$170,000
Water Division:	$67,000

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 in 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, improvements to Fire Stations 1-6, the new 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 the sales tax measure mentioned above, the amount of the projects contained in this section has been reduced considerably from over $510 million in FY 2015 to approximately $410 million in FY 2020. While the approval of Measure C allowed the City to address many critical facility needs (i.e. the new Library, upgrades to Fire Stations, and the new Fire Training Center), 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:	-
Fleet:	$600,000
Miscellaneous:	$850,000
Airport	$18,000,000
Facilities and Equipment:	$189,450,000
Street and Transportation:	$201,502,000

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/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.

ECONOMIC IMPACT

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

FISCAL IMPACT

The draft Recommended FY 2020 – FY 2029 CIP currently contains approximately $148 million of projects for FY 2020, an estimated $520 million for the next ten years, and an additional $410 million in unfunded needs.

Five of the 21 Capital Improvement funds rely on transfers from the General Fund for project expenses.

Changes are noted in the table below:

Fund	FY 2019 GF Transfer	Proposed FY 2020 GF Transfer	Change from FY 2019 adopted CIP
401- Strategic Initiatives Projects	$156,000	-	($156,000)
405- Capital Projects Governmental	$968,000	$640,000	($328,000)
460- Transportation System Improvements	$350,000	$350,000	-
726 – Facilities Management Capital	-	$360,000	$360,000
731 – Information Technology Capital	$1,500,000	$585,000	($915,000)
Total Cost to General Fund	$2,974,000	$1,935,000	($1,039,000)

Four of the CIP funds are also Internal Service Funds (ISF), meaning they use Internal Service fees 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. This year's recommended General Fund Fleet transfer restores this fund to prior funding levels after a temporary reduction in FY 2019. The total General Fund impact of Internal Service fees are shown below.

Fund	FY 2019 ISF (General Fund Impact)	FY 2020 ISF (General Fund Impact)	Change from FY 2019 adopted CIP
726 – Facilities Management Capital	$260,618	$258,570	($2,048)
731 – Information Technology Capital	$540,892	$653,832	$112,940
736 – Fleet Management Capital (General Fund)	$2,113,000	$3,033,049	$920,049
737 – Fleet Management Capital (Enterprise)	$0	$0	-
Total Cost to General Fund	$2,914,510	$3,945,451	$1,030,941

The amounts shown above as transfers from the General Fund are included in the City's FY 2020 Proposed Operating Budget.

Project costs by CIP category are as follows:

Category	**FY 2020 Total**
Livable Neighborhoods	$27,192
Road & Street Projects	$24,120
Pavement Rehabilitation Projects	$10,913
Building/Misc Projects	$31,825
Fleet Management	$4,249
Equipment	$2,499
Water System Projects	$22,240
Sewer System Projects	$18,908
Airport Projects	$5,884

The major CIP funding sources are as follows:

CIP Funding Source	FY 2020
Measure B/BB	4%
General Fund (GF)/Internal Service Fund (ISF)	4%
Gas Tax/VRF/RRAA	5%
Other Reimbursements/Contributions	17%
Measure C	18%
Grants	20%
Enterprise/Utilities	32%

STRATEGIC INITIATIVES

The three Council Strategic Initiatives, set in November 2016, of Complete Streets, Complete Communities, and the Tennyson Corridor, are continually on the forefront when planning capital projects. To the extent possible, a formal management and implementation process ensures that CIP projects are aligned with the Council's Strategic Initiatives and that the value each one of them generates is being maximized. City staff strive to effectively communicate the benefits of Strategic Initiatives to stakeholders at all levels of a project.

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 as those come forward for approval.

PUBLIC CONTACT

The public will have opportunities to review and comment on the CIP at this evening's Council Work Session, the Planning Commission meeting on May 9, and the City Council Public Hearing on May 21. A notice advising residents about the public hearings on the CIP are 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 Weekes 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, appropriate changes will be made. The CIP will be reviewed by the Planning Commission on May 9, 2019 for a finding of consistency with the City's General Plan. The City Council public hearing and adoption of the CIP budget is currently scheduled for May 21, 2019.

Prepared by: Carol Lee, Management Analyst I

Recommended by: Alex Ameri, Director of Public Works

Approved by:

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Kelly McAdoo, City Manager