

**DATE:** April 21, 2020

**TO:** Honorable Mayor and City Council

**FROM:** Nancy Doan, Senior Management Analyst  
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**VIA:** Kimbra McCarthy, City Manager

**TITLE:** **Proposed Fiscal Year 2020-21 Capital Improvement Program**

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## **PURPOSE**

The purpose of this Study Session memo is to obtain Council input to guide the preparation of the Fiscal Year 2020-21 Capital Improvement Program. Staff will incorporate Council direction and present the Fiscal Year 2020-21 Capital Improvement Program to the City Council for adoption on June 9, 2020.

## **BACKGROUND**

The Study Session for preliminary review of the Fiscal Year 2020-21 Capital Improvement Program (CIP) was removed from the March 17, 2020 City Council agenda due to the shelter-in-place order from the Health Officer of the County of Santa Clara, and was recommended for discussion in April

The March 17, 2020 Study Session memo is attached (Attachment 1) and provides recommendations for: (1) projects that are scheduled to “roll forward” for funding in Fiscal Year 2020-21; (2) modifications to some “roll forward” projects; (3) a limited number of new projects; and (4) amendments to existing projects. The memo also provides an update on the number of capital projects under way, status of resources available to deliver those projects, and a recommendation that limited resources not be added at this time for the delivery of bicycle/pedestrian projects. In addition, the report recommended that one-third of the annual business license tax revenue reserved for transportation purposes be allocated to CIP transportation projects.

The following are updated attachments to the March 17, 2020 memo and combine the recommendations from both the March 17 memo and this memo:

- Attachment 2: Active and Planned Pedestrian and Bicycle Projects;

- Attachment 3: Updated Proposed Fiscal Year 2020-21 Nondiscretionary Projects; and
- Attachment 4: Updated Proposed Fiscal Year 2020-21 Discretionary Projects and Project Amendments.

Councilmembers submitted questions related to the March 17, 2020 Study Session memo, and those questions and answers are also attached (Attachment 5).

## **DISCUSSION**

Staff has reviewed the recommendations in the March 17, 2020 Study Session memo in light of new financial uncertainties related to the COVID-19 pandemic, and does not recommend any changes to those recommendations. The projects recommended for funding include continuation of projects that are already under way, pedestrian/bicycle improvements, new technology, and improvements to/maintenance of existing infrastructure. Funding is available for these improvements, and staff recommends that they proceed.

Any impacts to CIP funding due to COVID-19 will be accounted for in the proposed Five-Year CIP for Fiscal Year 2021-22 through Fiscal Year 2025-26 to be developed in spring 2021.

Since March 17, 2020, staff has identified one new modified nondiscretionary project, one new modified discretionary project, two new project amendments, and one new project in addition to those identified in the previous Study Session memo. Each is described below. Projects described in the March 17, 2020 memo are not repeated here.

### **Additional Modified Nondiscretionary Project**

*Support for Telecommuting Workforce (\$75,000)* – Due to the recent shelter-in-place order related to COVID-19, most of the City’s employees are working remotely from home. Many staff who require high-end workstations to complete their job duties did not have adequate systems at their remote location to perform their job, and remote access to their desktop machines was slow and inefficient. Some users brought their desktop machines with them, but this is not practical for most employees. Staff recommends including this funding in the Annual Information Technology (IT) Project (21-33) to supplement the Equipment Replacement Fund (ERF) to replace these desktop machines with high-end laptops and additional network and support systems for these employees. There is sufficient funding for the recommended modification.

Further description of this and all other IT capital requests are included in the attached memo (Attachment 6). Some of these IT requests were included in the March 17, 2020 Study Session memo and are, therefore, not included here.

### **Additional Modified Discretionary Project**

*Sand Volleyball Court at Sylvan Park* – Staff recommends amending the budget to add \$65,000 to the Sand Volleyball Court at Sylvan Park, bringing the total project cost to \$435,000. The additional budget will cover project construction cost rise, project management, and City administration costs. There is sufficient funding for the recommended budget amendment.

### **Additional Amendments to Existing Projects**

*Information Technology Computer Projects, Project 11-18* – Staff recommends amending Project 11-18 to add \$900,000 to continue the development of the Land Management System and paperless permitting system. This project is critical as the City moves toward more innovative, modern, and efficient ways of conducting business and is especially important in light of the current difficulty in processing permits by paper. If approved, the new project total would be \$2,008,000.

*Fire Station No. 5 Classroom/Training, Construction, Project 20-35* – The design development phase of the project is progressing and the latest construction cost estimate based on current market condition is higher than the current budgeted amount for the construction phase. Additional funding in the amount of \$1,500,000 is needed and, if approved, the new project total would be \$4,340,000.

There is sufficient funding for the recommended amendments to the existing projects above.

### **Additional New Projects**

*Capital Improvement Program Development (\$70,000)* – This project would fund staff time associated with preparation of the annual CIP. A similar project was included in the 2015-16 CIP but is now depleted of funding. There is sufficient funding for the project.

## **RECOMMENDATION**

Staff seeks Council direction on the projects, deferrals, and amendments described in the March 17, 2020 memo and this Study Session memo.

**Question 1: Does the City Council support staff's recommendation to not add limited-period resources at this time in an effort to focus resources on completing bicycle and pedestrian projects currently under way?**

**Question 2: Does the City Council support the Fiscal Year 2020-21 CIP project recommendations, including the roll-forward, modified nondiscretionary and discretionary projects, amendments to existing projects, and new projects as shown in Attachments 3 and 4?**

**Question 3: Does the City Council support the recommendation that one-third of the annual business license tax revenue reserved for transportation purposes be allocated to transportation projects?**

## **NEXT STEPS**

Based on Council's direction, staff will prepare the Proposed Fiscal Year 2020-21 CIP for Council consideration on June 9, 2020.

**PUBLIC NOTICING**

Agenda posting, e-mail to neighborhood associations, and posts on social media, and the City's website.

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- Attachments:
1. Preliminary Review of Fiscal Year 2020-21 Capital Improvement Program Report Dated March 17, 2020
  2. Active and Planned Pedestrian and Bicycle Projects
  3. Updated Proposed Fiscal Year 2020-21 Nondiscretionary Projects
  4. Updated Proposed Fiscal Year 2020-21 Discretionary Projects and Project Amendments
  5. Responses to Council Questions Regarding the Preliminary Review of Fiscal Year 2020-21 Capital Improvement Program Report
  6. Memo from Information Technology Dated April 9, 2020

cc: FASD, CSD, SMA – Ruebusch, PWD, APWD – Arango, APWD – Hosfeldt, PCE – Au, PCE – Shah, CTE, USM, SMA – Goedicke, SMA – Doan, AE – Houghton