

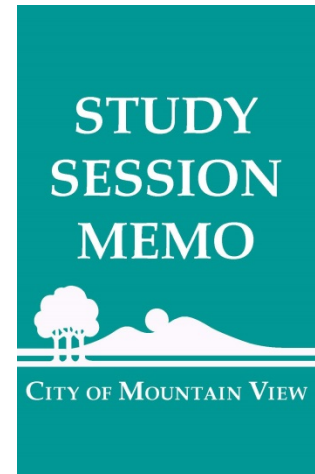
DATE: March 17, 2020

TO: Honorable Mayor and City Council

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

TITLE: **Preliminary Review of the Fiscal Year 2020-21
Capital Improvement Program**



PURPOSE

The purpose of this Study Session, the first of two planned prior to the Council's scheduled adoption of the Capital Improvement Program (CIP) in June, is to obtain initial Council input to guide staff in its preparation of the Fiscal Year 2020-21 CIP.

BACKGROUND

Fiscal Year 2020-21 is the second year of the biennial capital improvement planning cycle. Being an off year, review is focused on: (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. Each category is described further below with input requested by Council. To set the context for discussion of projects, this memo also provides an update on the number of capital projects currently under way ("active projects") and the status of resources available to deliver those projects.

The new business license tax structure was approved by voters in November 2018 to be phased in over three years beginning Fiscal Year 2019-20. The City Council earmarked 80 percent of new revenue to be allocated to transportation and 10 percent to housing. Beginning Fiscal Year 2021-22, when the tax is fully phased in, it is estimated that \$5.0 million will be available annually for transportation infrastructure projects and shuttle/transit services. This memo includes a review and recommendation for apportioning the business license tax funds between the shuttle services operating costs and transportation infrastructure projects to assist in planning future CIPs.

DISCUSSION

Active Projects

The strong local economy of the past several years, debt proceeds available for capital projects, and recent legislative developments have generated significant funding for capital improvement projects. While the number and value of new projects vary each year, a review of the past 10 years reveals a substantial increase in the number and value of projects, as shown in Table 1 below.

Table 1 – Five-Year Averages of New Projects

5-Year Period	Average Number of New Projects per Year	Average Total Budget of New Projects per Year
2010-11 through 2014-15	44	\$17.1 million
2015-16 through 2019-20	63	\$67.5 million

Table 1 reflects an increase in new projects each year of more than 40 percent in the second five-year period, and nearly a fourfold increase in the total value of projects. Significant increases have occurred in a variety of project types, including pedestrian and bicycle improvements, parks and recreation, facilities renovations, major utilities, and transportation.

To deliver this significantly higher number of projects, engineering and project management staffing (both permanent and limited-period) has increased by approximately 16 full-time equivalent (FTE) in the past five years. Additional hourly and consultant staffing has been used for specialized projects. Projects have also been distributed beyond the Capital Projects Section to the Traffic Engineering Section, Transportation and Business Services Division, and the Public Services Division.

The increased staffing and wider distribution of projects has allowed a significantly higher number of projects to be managed but has stretched the supervisory and management staffing to the limit. Some degree of involvement is required at three levels above the project manager (section head, Assistant Director, and Director), and time spent at each of these levels on delivering capital projects has increased with the project load and staffing.

Staff’s recommendations below reflect a goal of not increasing the overall project management workload so that quality and project schedules can be maintained.

One of the recommendations in the Sustainability Action Plan 4 (SAP-4) approved by Council on October 22, 2019 was to add three limited-period positions funded by the CIP to accelerate design and implementation of key pedestrian and bicycle (active transportation infrastructure) projects. At the October 22, 2019 meeting, staff recommended that the addition of these positions be considered as part of the overall CIP to give staff an opportunity to evaluate the potential effectiveness in delivering additional projects.

After careful consideration of the current workload and the upcoming pedestrian and bicycle projects, staff does not recommend adding the previously recommended positions at this time. Staff has concluded that this would not be a successful strategy under current circumstances for the following reasons:

- Management Support: The primary reason relates to the need for management support for these new positions. Support for project managers is already stretched beyond what is needed to maintain quality and timeliness of projects.
- Need for Consultant and Other Support Resources: As a result of the large number of projects in both the private and public sectors in recent years, the City has been challenged on some projects in attracting design firms. Some of the firms that are under contract are stretched with many projects and are also having trouble maintaining the quality and timeliness of projects.
- Limited-Period Positions: Limited-period positions are more challenging to fill and retain than regular full-time positions due to the current job market and candidate expectations for job permanence. This leads to both unfilled positions and turnover, which can delay project delivery. Most pedestrian and bicycle projects also take a number of years to deliver, which is challenging to complete with limited-period staff.

There is a significant number of pedestrian and bicycle projects currently under way and in the pipeline as shown in Attachment 1. This list of projects illustrates how bicycle and pedestrian improvements are being integrated into various types of projects, such as intersection improvements, traffic signal projects, and street resurfacing; they are not limited to stand-alone bicycle and pedestrian projects. The projects currently under way have assigned project managers, and adding limited-period staff will not expedite project delivery.

The City has placed a high priority on these projects, demonstrated by the fact that none of the projects recommended for deferral in Fiscal Year 2020-21 are pedestrian- or bicycle-related projects.

Based on the factors listed above, staff recommends maintaining focus on the projects that are currently under way and letting the projects scheduled for future fiscal years roll forward as planned in the current five-year CIP.

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?

Fiscal Year 2020-21 Capital Improvement Program (CIP) – Planned (Roll-Forward) Projects

Capital projects are categorized as nondiscretionary (primarily annual and periodic infrastructure maintenance projects to preserve the City's significant investment in its infrastructure and facilities and projects required for regulatory compliance) and discretionary (all other projects).

Nondiscretionary Roll-Forward Fiscal Year 2020-21 Projects

The list of 33 planned nondiscretionary annual and periodic infrastructure maintenance projects scheduled to roll forward for funding in Fiscal Year 2020-21 is provided in Attachment 2. These projects are funded from a variety of sources with the Construction/Conveyance Tax and CIP Reserve Funds providing approximately \$5.8 million of the total \$15.0 million in funding.

The City's pavement condition index (PCI)¹ has decreased significantly based on the latest biennial review (2019). Guaranteed annual funding for street maintenance has increased with Senate Bill (SB) 1 and Measure B funding and will result in a significant new investment in street repairs and resurfacing over the next few years.

In Fiscal Year 2020-21, the SB 1 funding will be used to resurface eight roads as approved by Council on April 24, 2018. The proposed use of Measure B funding is discussed in discretionary projects below. The nondiscretionary roll-forward CIP includes the Annual Street Resurfacing and Slurry Seal Program, Project 21-01, currently budgeted for \$1.65 million. Staff has identified the reconstruction and resurfacing of Fairchild Drive between Leong Drive and Ellis Street as a high priority. The total estimated cost for this work is \$2.25 million. Staff recommends a one-time increase of \$585,000 for Project 21-01 to fully fund the work on Fairchild Drive.

¹ PCI indicates the general condition of a pavement section on a scale of 0 to 100, with 100 being newly constructed.

Staff is also recommending a one-time increase for the Forestry Maintenance Program and Street Tree Replanting, Project 21-09, of \$73,000 to address unhealthy trees along Stevens Creek Trail. The additional funding will be utilized to remove heavy vegetation, lift large tree branches to increase visibility, and remove unhealthy trees along the trail.

There will be sufficient funding made available from closing projects for the recommended increases in the Annual Street Resurfacing and Slurry Seal Program, Project 21-01, and the Forestry Maintenance Program and Street Tree Replanting, Project 21-09.

Question 2: Does the City Council support the nondiscretionary projects recommended for rolling forward as shown in Attachment 2, including a one-time increase of \$585,000 for the Annual Street Resurfacing Program, CIP 21-01, and \$73,000 for the Forestry Maintenance Program and Street Tree Replanting, CIP 21-09?

Discretionary Roll-Forward Fiscal Year 2020-21 Projects

There are 21 discretionary projects scheduled to roll forward for Fiscal Year 2020-21. Staff has reviewed these projects and made adjustments to budgets based on currently anticipated costs. Staff proposes modifications to or deferrals of a number of these projects, as follows:

Modified Discretionary Projects

Street Reconstruction

One of the roll-forward discretionary projects for Fiscal Year 2020-21 is the allocation of \$1.0 million in Measure B funds for street reconstruction projects. In addition to the reconstruction of Fairchild Drive to be funded through the nondiscretionary annual program, staff has identified Leong Drive (from Walker Drive to Fairchild Drive) and Crittenden Lane (from Shoreline Boulevard to the eastern terminus) as priorities for reconstruction for a total cost estimate of \$2.2 million. Staff recommends amending the budget for this discretionary project to add \$1.2 million to fully fund the reconstruction of both of these roads. There is sufficient funding from closing projects for the recommended budget amendment.

South Whisman Park, Construction

The roll-forward budget for South Whisman Park was shown as \$4.86 million. Staff recommends reducing the budget to \$2.45 million to reflect the amount of Park Land Dedication Fund committed by the Parks and Recreation Commission. The developer of

500 Ferguson Drive is expected to make a payment to the Park Land Dedication Fund in fall 2020, a portion of which will provide the remaining amount needed for the project (\$2.4 million). Staff plans to return to Council to amend the project to increase project funding after the payment from the 500 Ferguson Drive project has been received.

Whisman Pump Station Engineering Study

Staff recommends amending the budget to add \$45,000 to the Whisman Pump Station Engineering Study, bringing the total project cost to \$175,000. The additional budget will cover project management and City administration costs, which were not included in the original project estimate. There is sufficient funding for the recommended budget amendment.

Projects Recommended for Deferral

For many years, the City's utility repair/replacement capital improvement projects consisted primarily of annual projects to replace relatively small water and sanitary sewer distribution mains. Approximately 10 years ago, the City also began rehabilitating larger (transmission) mains, freeway and creek crossings, wells, and pump stations. There are currently a significant number of such projects currently under way, including:

- Master Plans for the water, wastewater, storm drain, and recycled water systems;
- Cleaning and evaluation of sanitary sewer West Trunk Main;
- Rehabilitation of the Wastewater Interceptor Force Main;
- Replacement of water and sanitary sewer crossings of U.S. 101;
- Abandonment of one sanitary sewer crossing of Stevens Creek;
- Rehabilitation and abandonment of several wells and a new well siting study;
- Repairs to the sanitary sewer pump station; and
- Sanitary sewer capacity improvements in the San Antonio area.

Recognizing that project managers are fully tasked with ongoing projects, staff recommends deferring the following utility projects that are scheduled to roll forward in 2020-21:

- Middlefield and Moffett Sewer Replacement, Design;

- Coast-Casey Pump Station, Evaluation and Repair; and
- Coast-Casey Storm Drain Pipe Rehabilitation.

Staff also recommends deferring the following projects:

Rengstorff Park Aquatics Center Replacement, Construction—Based on the current status of design, construction funding will not be needed until Fiscal Year 2021-22.

Signage Program for Shoreline at Mountain View – Implementation of Shoreline Master Plan—Staff recommends deferring this project to coordinate implementation with the North Bayshore Signage Program.

Hope Street and Villa Street Traffic Signal Installation—Based on the schedule for the Robert Green hotel and office development on Hope Street, funding for the traffic signal at Hope and Villa Streets will not be needed until Fiscal Year 2021-22.

If the above projects are deferred as recommended, staff will recommend inclusion in the five-year plan when considered by Council in spring 2021.

Question 3: Does the City Council support the discretionary projects recommended for rolling forward as shown in Attachment 3, including the modification and deferrals recommended by staff?

Fiscal Year 2020-21 CIP – New Projects

During the second year of the CIP funding cycle, consideration of new projects is generally limited to projects that have more immediate needs and should not wait until the next five-year CIP planning process. Staff recommends that Council consider the following projects for funding as part of the Fiscal Year 2020-21 CIP:

Fleet Work Order System (\$250,000)—The City’s fleet maintenance software is more than 20 years old and is no longer supported. The capabilities of the existing system are also very limited, with many tasks done by hand and limited information available for analysis. The recommended project will fund a new system.

Rengstorff Park Maintenance and Tennis Buildings Replacement, Design (\$1,200,000)—This project includes the design for replacement of the Maintenance Building and Tennis Building on the Rengstorff Park site. The Tennis Building will include storage as well as restrooms serving the tennis court and patrons of the new All-Inclusive Playground in

the southerly portion of Rengstorff Park. The All-Inclusive Playground is scheduled to be completed in early 2022 and the restrooms need to be designed and constructed prior to the opening of the playground. This project was originally scheduled for Fiscal Year 2021-22.

Adobe Building A/V Upgrade (\$100,000) – The Historic Adobe Building is used for meetings, classes, and events where audio and visual capabilities are often requested. Currently, facility users are required to bring in their own equipment. This project will allow for plug-and-play capabilities, including built-in sound and built-in projection.

CDD Office Improvement (\$800,000) – With a number of new hires and additional required office space in the Community Development Department located on the first floor of City Hall, this project proposes to modify existing office areas and part of the storage and public reception area to provide combined open office cubicles and new kitchenettes. This project will reduce circulation areas and provide a more effective use of the real estate.

CDD Permit Center Space Study (\$160,000) – This study would identify and evaluate options to create a one-stop permit center on the first floor of City Hall. The study would consider how the Planning, Building, and Public Works permit counters, space, and operations could be improved.

Shoreline Sea Level Rise Study Update (\$490,000) – When the City's first sea level rise study was prepared in 2012, an update was planned to reflect new developments in the science of sea level rise. The update will include revisiting the assumptions for sea level rise used in the original study and the costs associated with the planned improvements. Staff recommends funding and conducting the update to provide a clear understanding of the obligations of the Shoreline Regional Park Community associated with sea level rise to help inform discussions with the school districts regarding renewal of the Educational Enhancement Revenue Joint Powers Agreement, which expires June 30, 2023.

North Bayshore Transportation Improvements, Coordination, and Implementation (\$100,000) – There are a variety of transportation projects and analyses currently under way, including the North Bayshore Circulation Study, the Gateway Master Plan, and individual projects and initiatives. In 2017, a project was created to fund contract assistance to coordinate these activities to ensure consistence of assumptions and other factors. Funds in the 2017 project are depleted, and the recommended project would allow this effort to continue.

There is sufficient funding from closed or deferred projects and/or existing fund balances to fund these projects in Fiscal Year 2020-21.

Question 4: Does the City Council support advancing the New Projects to the Proposed CIP for Fiscal Year 2020-21?

Amendments to Existing Projects

In addition to roll-forward and new projects, staff recommends one amendment to existing projects, shown below.

IT–Geographic Information System (GIS) Development–The IT Department is requesting an additional \$60,000 for their current project. The funding will continue the development of the GIS platform by expanding the application pool to include advanced web-based mapping solutions and establish an ongoing data maintenance framework to ensure the GIS remains accurate and up to date. If approved, the new project total would be \$215,000. There is sufficient funding for the recommended budget amendment.

Business License Tax Transportation Funding

On June 26, 2018, the Council adopted a resolution specifying an intention to use 80 percent of the increased revenue from the business license tax for transportation and innovative transit solutions that improve traffic congestion in the City of Mountain View, including the Caltrain grade separation projects, bicycle and pedestrian improvements, new transit systems to employment centers, and the community shuttle. The resolution also stated that the Council anticipated bonding against a significant portion of the revenue to support transportation and related infrastructure.

As indicated in the Shuttle Study Report presented to Council on February 25, 2020, approximately \$2.2 million (in 2020 dollars) will be required annually in 2024 to operate the community shuttle at existing service levels. The Council also supported potentially expanding the service hours in 2021 at an estimated additional annual cost of \$750,000. When escalated to 2024 dollars, nearly \$3.3 million or approximately two-thirds of the anticipated annual revenue from the business license tax for transportation purposes (\$5.0 million) would be committed to shuttle operations.

Staff recommends that the remaining one-third of the business license tax revenue reserved for transportation purposes be allocated to transportation projects. This would provide approximately \$1.7 million annually once the business license tax is fully phased in. Council concurrence with staff's recommendation will allow staff to plan ahead for the use of this funding, including possible bonding scenarios. The use of this funding for specific projects would be approved by the Council through the CIP process.

Question 5: 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?

RECOMMENDATION

With Council's recent focus on pedestrian and bicycle safety and mobility, and the high level of development activity, there are a large number of existing and possible new capital improvement projects. Being the second year of the biennial CIP process, staff has focused discussion on projects scheduled to roll forward for funding and possible new projects in 2020-21. Staff seeks Council input regarding the following to guide staff in determining the projects to include in the Proposed Fiscal Year 2020-21 CIP.

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 nondiscretionary projects recommended for rolling forward as shown in Attachment 2, including a one-time increase of \$585,000 for the Annual Street Resurfacing Program, CIP 21-01, and \$73,000 for the Forestry Maintenance Program and Street Tree Replanting, CIP 21-09?

Question 3: Does the City Council support the discretionary projects recommended for rolling forward as shown in Attachment 3, including the modification and deferrals recommended by staff?

Question 4: Does the City Council support advancing the New Projects to the Proposed CIP for Fiscal Year 2020-21?

Question 5: 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 the Council's input at this Study Session and considering anticipated staffing resources in Fiscal Year 2020-21, staff will present a revised list of projects for the Council's review when the Proposed Fiscal Year 2020-21 CIP is presented to the City Council in a Study Session on April 21, 2020.

PUBLIC NOTICING

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

ND-JH-DSC-MAF/TS/5/CAM

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Attachments: 1. ~~Active and Proposed Pedestrian and Bicycle Projects~~
2. ~~Nondiscretionary Projects Scheduled to Roll Forward for Funding in Fiscal Year 2020-21~~
3. ~~Discretionary Projects Scheduled to Roll Forward for Funding in Fiscal Year 2020-21~~

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