

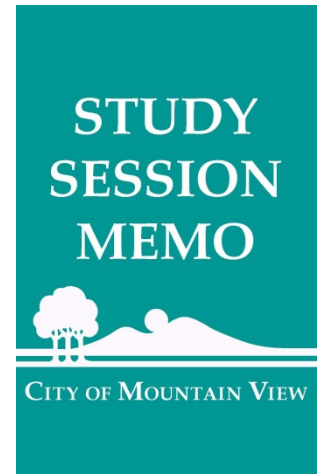
DATE: May 20, 2014

TO: Honorable Mayor and City Council

FROM: Jerry Burgess, Senior Administrative Analyst
Linda Forsberg, Transportation and Business
Manager
Michael A. Fuller, Public Works Director

VIA: Daniel H. Rich, City Manager

TITLE: **Proposed Fiscal Year 2014-15 Through Fiscal
Year 2018-19 Capital Improvement Program**



PURPOSE

The purpose of this Study Session is to present the Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 Capital Improvement Program (CIP) for City Council review, comment, and refinement.

Staff will incorporate Council-requested revisions and present the Proposed Five-Year CIP for adoption to the City Council on June 17, 2014.

BACKGROUND

The City Council provided initial guidance for the development of the Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 CIP during a March 18, 2014 Study Session. Further guidance regarding Park Land Dedication (PLD) Fee-funded capital projects to include in the Five-Year CIP was provided during the Council's March 25, 2014 Study Session.

The results of these Council discussions were shared with the City's Bicycle/Pedestrian Advisory Committee (B/PAC) and Parks and Recreation Commission (PRC). Attachment 1 provides a summary of the input received from those two advisory bodies for the Council to consider as it reviews the projects recommended for inclusion in the Proposed Five-Year CIP.

DISCUSSION

Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 CIP

Based on the input received from the City Council at its March 18 and March 25 Study Sessions, input provided by the B/PAC and PRC, as well as staff-initiated refinements, staff has developed a Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 CIP that is balanced and maintains reserves as required by Council policy for all funds.

All of the B/PAC- and PRC-recommended projects are programmed into the Proposed CIP with the exception of the **Shoreline Boulevard Pathway (Villa Street to Wright Avenue), Construction** project. There are also three projects programmed into the Proposed CIP that differ from the PRC recommendations: **Huff Park Restroom, Landels Park Restroom, and Rengstorff Community Center, Construction**. The inclusion of these three projects is discussed in further detail later in this memorandum.

At the March 18 CIP Study Session, staff noted that planned rehabilitation work required on the City's wastewater system (Attachment 2) will significantly challenge the funding capacity of the Wastewater Fund for the next several years.

A funding strategy to address these capital needs, as well as the costs the City will incur as a partner in the Palo Alto Regional Water Quality Control Plant (PARWQCP) to rehabilitate and bring the 40-year-old facility to current regulatory and Best Practices operating standards, was presented to the City Council during the April 29 Narrative Budget Study Session. Sewer rates will be gradually increased during the next 10 fiscal years to fund the costs of these long-term capital improvements.

Revenue/Funding Projection Updates

CIP Reserve and Construction/Conveyance Tax (C/C Tax) funds can be used for any capital project that does not have its own dedicated funding source. Consequently, these CIP funding sources are generally in the greatest demand and most constrained. Projected CIP Reserve and C/C Tax funding levels have been revised upward since the Council's March 18 Study Session discussion based on the following:

- The Finance and Administrative Services Department (FASD) has updated its C/C Tax collection projections and now estimates an additional \$1.2 million in C/C Tax revenue will be available during the next five years.

- Direction provided by the Council during its April 29 Narrative Budget Study Session that \$1.0 to \$2.0 million of the Fiscal Year 2013-14 carryover be allocated to the CIP Reserve to fund capital projects. For planning purposes, \$1.0 million in additional CIP Reserve funding has been programmed into the Proposed Five-Year CIP.
- Direction provided by the Council during the Narrative Budget Study Session for the Development Services Fund to reimburse the CIP Reserve for its previous funding support to the El Camino Real and San Antonio Precise Plans. This will result in an additional \$350,000 increase in the CIP Reserve to fund capital projects.
- Google's April announcement that it will make a \$350,000 contribution to the City in each of the next three fiscal years to support pedestrian/bicycle safety projects (Attachment 3). For planning purposes, \$300,000 has been programmed into each of the first three years of the Proposed Five-Year CIP to fund pedestrian/bicycle safety projects. The remaining \$50,000 contribution for each of the first two years is recommended to be used in the City's operating budget to offset a portion of the costs associated with the new limited-term Mobility Coordinator position. Staff will return to Council during Fiscal Year 2015-16 with options for the remaining third-year \$50,000 contribution.
- A \$100,000 contribution from the developer of the 1616 El Camino Real West residential project to fund one or more bicycle/pedestrian improvement projects.

These changes will provide an additional \$2.9 million of funding capacity for the CIP Reserve and C/C Tax Funds in the five-year plan, and an additional \$600,000 for pedestrian/bicycle safety projects in the second and third year of the CIP.

These increases in funding are in addition to the \$1.2 million transfer from the General Fund Reserve to the CIP Reserve approved by the City Council on February 11, 2014, and the \$1.0 million C/C Tax funds that will be available in each of the last two years of the CIP after the final debt service payment for the Civic Center construction has been made.

Planned Nondiscretionary Projects

The list of planned nondiscretionary annual and periodic infrastructure maintenance projects proposed for inclusion in the Five-Year CIP is provided in Attachment 4. These projects preserve the City's significant investment in its infrastructure and facilities and/or are required for regulatory compliance.

As noted in the March 18 Study Session report, an ongoing \$200,000 increase in Water Fund funding has been proposed for the **annual water system improvement capital projects (Project xx-04)** to accelerate the installation of remote-read water meters and to reduce the replacement schedule for water meters from the current 50-year replacement schedule to a 20-year schedule that more closely aligns with the expected life of water meter equipment. The five-year total additional cost to the Water Fund will be \$1.0 million. Additional information regarding this funding request is provided in Attachment 5.

The funding request for **Project 15-18, Information Technology (IT) Computer Projects**, has been increased by \$50,000 (from \$961,000 to \$1.0 million) since the March 18 Study Session. There are also other minor amendments to existing Information Technology projects. Attachment 6 provides additional information on the increase in funding, and details the various IT-related projects that will be pursued as part of Project 15-18 and the changes to existing IT-related projects.

The funding request for **Project 15-12, Street Lane Line and Legend Repainting**, has also been increased since the March Study Session. An additional \$67,000 in C/C Tax funding has been added to the project budget (\$349,000 to \$416,000), reflecting anticipated increases in labor and material costs.

All other planned nondiscretionary projects remain the same as presented to Council at the March 18 Study Session.

Planned Discretionary Projects

The anticipated timing, scope, and/or funding requirements for several discretionary capital projects previously scheduled during the five-year capital planning period have been updated since the March 18 Study Session.

The proposed scope and funding for **Project 15-28, Permanente Creek Trail, Rock Street to West Middlefield Road, Design**, has been reduced from \$765,000 to \$370,000 to reflect a rescoping of this project to only include the design of the trail extension. The project is located adjacent to Crittenden Middle School and the design will be coordinated with the school's site master planning process. During design, construction cost estimates for the trail will be better defined. A CIP request will be submitted in the future to fund construction. This project will be funded with a combination of PLD (\$278,000) and Shoreline Community (\$92,000) funds.

Based on the results of the sewer main inspection work completed to date, the scopes, timing, and funding requests for two projects planned in the Fiscal Year 2013-14 CIP, **Project 15-29, Interceptor Force Main Rehabilitation** (\$2.5 million) and **Project 16-29, Central Sewage Trunk Main, Rehabilitation** (\$2.5 million), have been revised. A new, combined, **Project 15-29, Interceptor and Central Trunk Main Rehabilitation, Design** (\$324,000 Wastewater Fund) is now included in Fiscal Year 2014-15 to design the trunk main rehabilitation projects for both the Interceptor Force and Central Trunk Mains. Additional information regarding the trunk main inspection work currently under way and an updated plan for the near-term sewer main rehabilitation work is provided in Attachment 2.

Placeholder funding requests for the construction of the interceptor force and central trunk main rehabilitation projects are included in the outer years of the five-year capital plan, **Project 16-29, Interceptor Force Main Rehabilitation, Construction** (\$3.9 million) and **Project 18-28, Central Sewage Trunk Main Rehabilitation, Construction** (\$3.6 million). As discussed above, more accurate information regarding the scope, cost, and timing of these projects will be available once the results of the inspection work are available. Refined capital project requests will be submitted in future CIP development processes for these and other required sewer main rehabilitation projects.

Two other previously planned discretionary projects, **Project 16-30, South Whisman Area Park, Design**, and **Project 17-29, South Whisman Area Park, Construction**, are recommended for one-year deferrals (to Fiscal Years 2015-16 and 2016-17, respectively) to reflect the delays in the development of new housing in the area.

Proposed New Discretionary Projects

The Proposed Five-Year CIP funds nearly all of the Tier 1¹ and Tier 2² new discretionary projects discussed with the City Council at the March 18, 2014 Study Session. Based on revised CIP Reserve and C/C Tax funding estimates, input received from the City Council at its April 29 Study Session regarding the Police/Fire Administration Building renovation/expansion alternatives, and staff initiated corrections, refinements, and

¹ Tier 1—New projects required to comply with regulatory requirements, address public health/safety concerns, and/or repair/replace failing infrastructure or equipment; or funding amendments to existing projects for these purposes.

² Tier 2—New projects that support the City Council’s Fiscal Years 2013-14 and 2014-15 major goals pertaining to improving the City’s green space and canopy, bicycle and pedestrian mobility, and application of technology to improve City services and operations; funding amendments to existing projects for these purposes; or recommended next step projects identified in the Shoreline Regional Park Community studies completed in 2013 related to transportation/circulation, landfill management requirements, and sea level rise.

Tier 3³ recommendations, the following additional projects are now recommended for inclusion in the Proposed Five-Year CIP:

- **Project 15-47, East Whisman Precise Plan, EIR and Infrastructure Study** (\$690,000) will create a new transit-oriented Precise Plan for the East Whisman area. The project also includes technical assessments of existing public facilities and utilities (water, sanitary sewer, storm drainage, etc.) to determine their abilities to serve the proposed new development and identify what improvements will be required. Project funding sources include Development Services (\$590,000), Water (\$50,000), and Wastewater (\$50,000).
- **Project 16-33, Police/Fire Administration Building Expansion, Design**—\$2.0 million (CIP Reserve). Placeholder funding in the second year of the CIP for design of the expansion/renovation of the City’s Police/Fire Administration Building based on the direction provided by the City Council during its April 29, 2014 Study Session discussion regarding renovation/expansion alternatives. A CIP request to fund the construction portion of the improvements will be submitted in a future CIP development process after cost estimates and funding strategies are more fully determined.
- **Projects 16-34, 17-32, 18-30, and 19-28, Regional Public Safety Communications System**—\$600,000 (CIP Reserve). Placeholder funding of \$150,000 per year in each of the last four years of the CIP for conversion of the City’s Public Safety radio infrastructure in support of the Silicon Valley Regional Interoperability Authority’s (SVRIA’s) Regional Communications System (RCS) project. SVRIA’s RCS project will provide Santa Clara County public safety agencies with a common police, fire, and emergency medical service radio system that is compliant with Project 25 interoperability standards as established by the Federal Communications Commission. The assumed funding strategy for the RCS project is a 15-year SVRIA bond issuance, and Mountain View’s share would be approximately \$150,000 per year for a 15-year total of \$2,250,000. Final costs and a funding strategy are still being developed, and a CIP request to fund Mountain View’s portion of the RCS project will be submitted in a future CIP development process after costs and funding strategies are more fully determined.

³ Tier 3—These projects (either new or funding amendments to existing projects) are desirable and would enhance City operations and facilities; however, they do not meet the prioritization criteria for Tier 1 or 2 projects as outlined above.

- **Project 17-31, Police/Fire Radio Replacement**—\$1.7 million. Placeholder funding in the third year of the CIP for the replacement of Police and Fire Department radios in conjunction with the City's support of SVRIA's RCS project (see Project 16-34 above). New RCS-compatible radios are needed to enable communications regionally with other Santa Clara County agencies. A CIP request to fund the radio purchase will be submitted in a future CIP development process after costs and funding strategies are more fully determined. Project funding sources include C/C Tax (\$1.0 million) and Equipment Replacement Fund (\$700,000).
- **Project 15-44, Mountain View Veterans Memorial**—\$70,000 (Tier 3). Funding is requested for the construction of a new veterans memorial at Eagle Park. Funding sources include the C/C Tax Fund (\$60,000) and private donations (\$10,000).
- **Project 15-45, Shoreline Golf Links Improvements**—\$139,000 (Tier 3). This project will refurbish fairway bunkers, replace rotor sprinklers for the greens, improve the turf, upgrade the driving range, and provide new golf course directional signage. Funding is recommended from the Shoreline Community Fund.
- **Project 15-48, Green Bike Lane Pilot Project**—\$65,000. This requested pilot project will improve bike safety through the application of green paint to bike lanes in select conflict areas to be determined. In April 2013, Google contributed \$500,000 to the City to provide support for improved bicycle and pedestrian mobility. The Fiscal Year 2013-14 Capital Improvement Program incorporated \$435,000 of that contribution into a number of different capital improvement projects, but \$65,000 of that donation was unallocated at that time. The remaining \$65,000 is recommended to fund the Green Bike Lane Pilot Project.
- **Project 15-49, Police Department/Library CCTV Replacement**—\$267,000 (Tier 1): This project will replace the now functioning closed-circuit television (CCTV) system in the Library (which is monitored by the Police Department) and add cameras at the Police Department (in response to a security assessment and recent security concerns). While Council asked questions about the need for this project at the March 18, 2014 Study Session, funding is available for this project and staff recommends its inclusion in the CIP. Funding is recommended from the CIP reserves (\$130,000) and C/C Tax (\$137,000).
- **Project 16-37, Graham Athletic Field Synthetic Turf Replacement**—\$650,000 (Tier 3). This project will replace the football/soccer field turf at Graham Middle

School, which is reaching the end of its expected 10-year life. The Graham School Site Maintenance Reserve is the recommended funding source for this project.

- **Project 16-38, Shoreline at Mountain View Master Plan**—\$139,000 (Tier 3). Update of the existing Master Plan to recommend new guidelines for traffic control, parking, wayfinding signage, trail signage, and interpretive signage, and to provide improvements to the park entrance at the gatehouse. Funding is recommended from the Shoreline Community Fund.

One of the Tier 3 projects presented to Council at the March 18, 2014 Study Session, **Library Remodel, Construction**—\$1.4 million, is not recommended for inclusion in the five-year plan, as there is insufficient funding in the CIP Reserve and C/C Tax Funds. However, the remaining \$280,000 balance in existing **Project 11-27, Library Space Modifications**, is recommended to fund the design of the **Library Remodel** project.

Library Remodel, Construction, as well as other proposed discretionary projects reviewed by the City Council on March 18 and 25, but not recommended for funding and inclusion in the Proposed Five-Year CIP at this time, have been placed on the Unscheduled Projects List (Attachment 7) for consideration in future CIP development processes. The **Library Remodel** project is discussed in more detail in a memorandum included as part of the Unscheduled Project List.

A Tier 2 project proposed to Council at the March 18, 2014 Study Session but not included in the Proposed CIP is the **Shoreline Boulevard Pathway (Villa Street to Wright Avenue), Construction** project—\$2.1 million. Given the restricted fund balances of the CIP Reserve and C/C Tax Funds, the City Council provided direction to staff to not include this project in the five-year plan. Design of the pathway will proceed, but the construction project has been placed on the unscheduled project list (Attachment 7) for consideration in future CIP development processes.

Additional information regarding planned and new discretionary projects included in the Proposed Five-Year CIP is provided in Attachment 8.

In addition to the new discretionary projects described above, the following projects are presented for Council review because they require additional Council discussion before a decision can be made regarding their inclusion in the Proposed Five-Year CIP or their proposed funding sources have been revised since they were presented to the Council at the March 18 or March 25 Study Sessions:

- **Project 15-30, Parking Technology Implementation** (\$75,000 Parking District Fund) to implement potential wayfinding and parking guidance technology, and an online payment platform, is included as a placeholder project. The project is scheduled for City Council discussion during the New Business portion of its May 20, 2014 Regular Meeting. Any changes to the project as a result of the Council's discussion will be reflected in the final proposed Five-Year CIP that will be presented to the Council for adoption on June 17, 2014.
- The proposed funding sources for a \$897,000 pedestrian and bicycle safety improvement project at the Grant Road/Phyllis Avenue/Martens Avenue intersection, **Project 15-31, Modifications to Grant/Phyllis/Martens Intersection** (\$597,000 C/C Tax), has been changed since the March 18 Study Session to take advantage of the capital funding Google has committed to provide in Fiscal Year 2014-15. Project funding sources now include C/C Tax (\$597,000) and Google funding (\$300,000). Staff will also be submitting applications seeking State Active Transportation Program (ATP) funding for this project. If the City is successful, any grant moneys received will be used to replace City C/C Tax and/or Google funding designated for this project, allowing those funds to be reprogrammed for other capital project needs.
- Funding sources for the proposed \$280,000 project to design pathway and connection improvements for bicycles and pedestrians along Shoreline Boulevard between Villa Street and Wright Avenue, **Project 15-32, Shoreline Boulevard Pathway (Villa Street to Wright Avenue), Design**, have also been modified since the March 18 Study Session. The \$100,000 contribution from the developer of the 1616 El Camino Real West residential project will be used to pay a portion of the project costs. The remaining funding (\$180,000) is from the C/C Tax Fund.
- **Project 18-29, Rengstorff Community Center, Construction** – \$17,100,000 (\$12.1 million PLD, \$5.0 million Strategic Property Acquisition Reserve).

During the Council's March 25 Study Session discussion regarding CIP projects eligible for PLD funding, staff proposed using a combination of uncommitted PLD fees and Strategic Property Acquisition Reserve (SPAR) funds to fully fund the design and construction of a remodeled Community Center in the Proposed Five-Year CIP.

When the PRC reviewed PLD fund allocation recommendations on April 9, 2014, they recommended a more gradual allocation of PLD funds for the construction of a remodeled and expanded Rengstorff Park Community Center so that the amount

of PLD funds allocated to park rehabilitation projects would not exceed 20 percent of the available PLD funds in any year of this CIP planning period (Attachment 1). In making this recommendation, the PRC acknowledged that the time line for funding and completing the Community Center project would extend beyond the five-year planning horizon for this CIP.

The staff-recommended funding strategy for **Project 18-29, Rengstorff Community Center, Construction**, differs from the PRC's recommendation and will require the allocation of additional PLD funds in Fiscal Year 2014-15 so that design and construction for the remodeling and expansion of the existing Community Center can be completed within the next five years.

Amendments to Existing Projects

Funding amendments are proposed for 10 existing capital projects. These amendments require approximately \$1.1 million in additional funding. The amendments and their various funding sources are more fully described in Attachment 9.

Of particular note are the proposed funding amendments to the following three existing projects:

- An additional \$280,000 from the Wastewater Fund has been added to **Project 14-33, Interceptor Force Trunk Main—Manhole Construction, Inspection, and Cleaning** (\$250,000 to \$530,000). After completing a preliminary study and geotechnical investigation, staff determined that the site conditions (e.g., soil conditions, groundwater levels, depth of the trunk main) are much more complex and challenging than what was portrayed in the as-built information staff relied on to develop the initial project budget. Additional funding for engineering services and construction will be required to address the site conditions and complete the project.
- Two of the recommended funding amendments call for the allocation of additional PLD funding to **Project 04-29, Huff Park Restroom** (\$190,000) and **Project 13-14, Landels Park Restroom** (\$105,000). When the PRC reviewed recommendations for PLD funding allocations at its April 9, 2014 meeting, it did not support either of these additional PLD allocations. Instead, the PRC requested City staff to work with the Mountain View Whisman School District representatives to make existing school restrooms at these sites available during park hours. School district representatives have been contacted and indicated that they do not support having school restrooms open after school hours; consequently, staff is requesting

additional PLD funding to complete construction of the two restroom projects as part of the Proposed Five-Year CIP. As directed by Council on March 25, the Castro Park Restroom project is not included in the CIP, and staff will work with the District when they make improvements at the school.

Projects to Close and Remaining Active Projects

Staff carefully reviewed the status of all active capital projects to determine which projects could be closed at the end of Fiscal Year 2013-14 so unspent balances could be reprogrammed to other capital projects. Attachment 10 lists the projects expected to close at the end of this fiscal year. Staff estimates that, once closed, these projects will return approximately \$1.8 million to various funding sources, including approximately \$600,000 to the C/C Tax Fund. Active projects scheduled to remain open are shown in Attachment 11.

In closing Project 09-32, Fire Station No. 5, staff recommends that the project's remaining balance of approximately \$300,000 in Shoreline Community Fund bond proceeds be transferred to Project 11-33, Athletic Field Construction, to reduce the amount of Shoreline Community funding needed for the athletic field project.

RECOMMENDATION

Provide input regarding the Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 CIP so that a final Proposed CIP document can be presented to the City Council for adoption at its June 17, 2014 meeting. Attachment 8 provides a summary of the proposed discretionary projects in the five-year CIP.

NEXT STEPS

After any refinements provided tonight, City Council approval of the Proposed Fiscal Year 2014-15 through Fiscal Year 2018-19 CIP and funding of Fiscal Year 2014-15 projects is scheduled for the Council's June 17, 2014 meeting.

PUBLIC NOTICING – Agenda posting and copies to the PRC and B/PAC.

JB-LF-MAF/9/CAM
901-05-20-14SS-E

- Attachments:
1. May 20, 2104 Memorandum – Proposed Five-Year Capital Improvement Plan – Bicycle/Pedestrian Advisory Committee and Parks and Recreation Commission Input
 2. February 28, 2014 Memorandum – Large Sewer Main Rehabilitation Projects
 3. Google Support for Bicycle Safety Projects – Letter Dated April 29, 2014.
 4. Proposed Nondiscretionary Fiscal Year 2014-15 through 2018-19 Projects
 5. February 14, 2014 Memorandum – Water Meter Replacement Plan
 6. May 20, 2014 Memorandum – Information Technology Project Request
 7. Unscheduled Projects
 8. Proposed Discretionary Fiscal Year 2014-15 through 2018-19 Projects
 9. Proposed Amendments to Existing Capital Projects
 10. Projects to Close
 11. Active Projects

cc: APWD – Hosfeldt, APWD – Solomon, AFASD, PC – Bosel, BC – Hawkes, PCE – Arango, PCE – Au, FFM, SAA – Kiner