

DATE: March 28, 2017

TO: Honorable Mayor and City Council

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TITLE: **Preliminary Review of the Fiscal Year 2017-18 Through Fiscal Year 2021-22 Capital Improvement Program**



PURPOSE

The purpose of this Study Session is to obtain City Council input to guide staff in the preparation of the Proposed Fiscal Year 2017-18 through Fiscal Year 2021-22 Capital Improvement Program (CIP). This report presents: (1) estimated project funding availability over the five-year planning period; (2) projects that have been proposed for funding; and (3) staff's initial thoughts on preparing a proposed CIP.

Because of the large number of possible projects and variety of funding sources available this year, staff is seeking direction on a number of policy questions rather than decisions on all individual projects. Based on Council direction, the Proposed CIP will be presented to the Council at a Study Session in April when a more detailed evaluation is anticipated.

BACKGROUND

The Five-Year CIP is adopted biennially, with a full plan developed every other year, and a focus only on the upcoming fiscal year on the off years. This year staff is preparing a full Five-Year CIP. Staff will request in June that the City Council appropriate funding for the Fiscal Year 2017-18 projects and adopt the plan for the future four fiscal years.

Funding Sources

The City's CIP is funded through a variety of sources. Some, such as the Water and Wastewater Funds, are enterprise funds with revenues primarily from water and sewer bills paid by businesses and residents. These funds must be used exclusively on water-

and wastewater-related activities, respectively. Other funds such as the CIP Reserve and Construction/Conveyance Tax (C/C Tax) Funds are less restricted and can be used on any capital project. CIP Reserve and C/C Tax are therefore usually the most competitive and receive the bulk of Council deliberation during the CIP development process. Projects are often grouped by funding source for discussion purposes, as these projects essentially compete against one another for funding. Other major funding sources include the Park Land Dedication, Gas Tax, Shoreline Regional Park Community, Solid Waste, Vehicle Registration Fee (VRF), Transit-Oriented Development (TOD), and Development Services Funds.

Non-Discretionary vs. Discretionary Projects

Projects are categorized as Non-Discretionary or Discretionary to provide some measure of consistency for funding of critical infrastructure maintenance. Non-Discretionary Projects are 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. While Council can alter funding, these projects are generally approved with few changes on a consistent cycle (annual or biannual) with small inflationary adjustments. Discretionary Projects are all of those that do not fit the Non-Discretionary category.

DISCUSSION

Financial Constraints

Several funding sources, including the CIP Reserve, C/C Tax, Water, and Wastewater Funds are particularly constrained when compared with possible projects.

CIP Reserve and C/C Tax Funds

A list of planned Non-Discretionary and Discretionary Projects scheduled for funding during the next five years is provided in Attachment 1. These are the projects in the outer four years of last year's five-year planning cycle (2016-17 through 2020-21), plus the Non-Discretionary Projects that would normally be planned for Fiscal Year 2021-22. The remaining capacity in the CIP Reserve and C/C Tax Funds after funding these previously programmed projects is approximately \$13.0 million.

Staff does not propose to remove or unfund any projects in the plan adopted last year. However, staff is proposing to increase funding for a number of Non-Discretionary

Projects, to fund amendments to several existing projects, and to move several projects out (later) in the five-year cycle.

Water and Wastewater Funds

In recent years the City has begun a number of significant water, sanitary sewer, and storm drainage projects, including upsizing pipes, relining large sewer mains, replacing major crossings of creeks and highways, and upgrading infrastructure to remain compliant with increasingly restrictive regulations. The City's enterprise utility funds are supported by the rates charged to customers; there is no General Fund support to the utility funds. Utility rates charged by governmental entities for water, sewer, and trash and recycling services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article XIII, of the California Constitution. Proposition 218 requires governmental agencies to conduct a majority protest hearing prior to adopting any changes in utility rates.

Staff is reviewing the recommended water and wastewater projects and expected impact on utility rates. Staff will return to Council as part of the Operating Budget review process with a recommendation, which may include issuance of debt, for funding these projects.

Project Categories

To assist the City Council in determining funding priorities, staff has developed five categories, discussed in more detail below. Some of the five categories contain projects that support the major goals discussed at the February 27, 2017 Goal-Setting Study Session pertaining particularly to environmental sustainability, transportation, and housing.

Category 1

Non-Discretionary Projects required to repair/replace/maintain infrastructure or equipment; or funding amendments to existing projects for these purposes. These projects require full or partial C/C Tax and CIP Reserve funding.

Category 2

Discretionary Projects (either new or funding amendments to existing projects) that: (1) support Council major goals; (2) support essential operational functions; or (3) are desirable and would enhance City operations and facilities. However, they do not meet

the prioritization criteria for Category 1 projects as outlined above. All of these projects will require full or partial funding from the C/C Tax or CIP Reserve Funds, or from contributions from other local funding sources.

Category 3

North Bayshore Projects—These projects include recommended next-step projects identified in the 2013 Shoreline Regional Park Community Studies and the 2014 North Bayshore Precise Plan related to transportation/circulation, landfill management requirements, and sea level rise.

Category 4

Park Land Dedication-Funded Projects—Recent high levels of development activity have resulted in significant amounts of Park Land Dedication In-Lieu fees and a large number of new park projects. Two significant projects are also proposed from the Rengstorff Park Master Plan.

Category 5

This category is for all remaining projects that do not need CIP Reserve or C/C Tax funding. Funding sources for these projects include TOD, Water, and Wastewater funding.

CATEGORY 1 PROJECTS (NON-DISCRETIONARY)

Over the past several years, City Council has approved staff-recommended funding increases for non-discretionary infrastructure projects, including: streetlights, traffic signals, water meters and water main replacements, pavement maintenance (overlays and slurry seals), facilities, forestry maintenance and street tree planting, and concrete sidewalk/curb repairs to meet increasing funding needs. As part of the 2015-16 CIP process, staff advised Council that additional funding was recommended for pavement maintenance, concrete sidewalk and curb repairs, and streetlight pole replacements, but full funding was not requested due to fiscal constraints. Staff has again identified a number of projects/categories where additional funding is desirable, as described below.

Infrastructure Maintenance

1. Street Resurfacing and Slurry Seal Program (XX-01): The City's pavement condition is evaluated biannually in terms of a Pavement Condition Index, which is currently 75 (consistent with City goal of 75) on a 1 to 100 scale. The latest (2016) evaluation recommended that the City maintain annual expenditures of approximately \$2.6 million to maintain a pavement condition of 75. The City's annual expenditures over the Five-Year CIP planning period are approximately \$2.6 million, including the annual pavement overlay and slurry seal project, maintenance performed by staff, and stand-alone projects such as the Shoreline Boulevard reversible bus lane, which has a pavement overlay component. Staff therefore is not recommending an increase in the annual pavement overlay and slurry seal project.

The City's planned efforts do not include, however, reconstruction of failed residential streets like the ones reconstructed annually for the past 10 years in the Rex Manor neighborhood. Such streets have failed beyond the point where an overlay is appropriate, and typically cost \$500,000 to \$750,000 each, depending on the size of the street. There are no similar reconstructions currently planned, though a number of streets with failed pavement exist throughout the City. Staff seeks Council direction on whether to program one or more such projects in the Proposed CIP.

Council Question No. 1: Should staff program one or more residential street reconstruction projects in the Proposed CIP in addition to the planned street maintenance projects?

2. Streetlight Pole Replacements (XX-03): Streetlight poles corrode over time, and the base of the pole will eventually fail. Many of the City's streetlights were constructed during the rapid development of the late 1950s through early 1970s, and these streetlights are beginning to reach the end of their useful lives. For the past eight years, the City has funded an annual project in the amount of approximately \$100,000 for replacement of end-of-life poles. In 2015, staff advised Council that maintaining a sustainable replacement would require increased funding in the amount of \$315,000, but the increase was not recommended due to funding constraints (escalated to \$110,000 in 2017-18). Staff recommends that Council gradually increase funding for streetlight replacements until a sustainable replacement level is achieved. The recommended increase is \$120,000 per year over the five-year planning period, for total annual funding of approximately \$220,000.

3. Concrete Sidewalk/Curb Repairs (XX-06): Street maintenance projects increasingly include repair of adjacent curbs, gutters, and sidewalks, diverting funding from pavement repair. To preserve this funding for pavement maintenance, staff recommends increasing the funding in the annual concrete sidewalk and curb repair project by \$40,000 per year, for total annual funding of approximately \$650,000.
4. Water System Improvements and Recycled Water System Improvements (XX-04): Staff is requesting \$50,000 per year for ongoing needs for the existing recycled water system. The original system is approximately 10 years old and is now requiring some repairs. Staff is also requesting a one-time amount of an additional \$230,000 to replace variable frequency drives and meters at water pump stations, all of which have reached the end of their useful lives.
5. Planned and Emergency Facilities Projects: The Public Works Department Facilities Section maintains over 1 million square feet of buildings and uses an annual project fund in the amount of approximately \$700,000 to perform routine and unplanned repairs. Significant repairs are often bundled in periodic projects of varying amounts to preserve funding in the annual project. Staff has identified a large number of recommended improvements to aging systems in a variety of facilities and recommends a significant project in each of the five years of the CIP planning period. The total amount over the five-year planning period is \$2.9 million.
6. Annual Regional Public Safety Community System: Funding of \$150,000 annually is recommended for 15 years 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.

A summary of the infrastructure maintenance recommendations is provided in Table 1.

Table 1 – Infrastructure Recommendations

Non-Discretionary Projects Budgets (in thousands)		2017-18	2018-19	2019-20	2020-21	2021-22
Streetlight Pole Replacements						
	Existing Annual Funding	110	113	115	117	119
	Requested Additional Funding	120	122	124	127	130
	New Funding Total	230	235	239	244	249
Concrete Sidewalk/Curb Repairs						
	Existing Annual Funding	609	622	634	647	660
	Requested Additional Funding	40	41	42	42	43
	New Funding Total	649	663	676	689	703
Water and Recycled Water System Improvements						
	Existing Annual Funding	566	577	588	600	612
	Requested Additional Funding	280	51	52	53	54
	New Funding Total	846	628	640	653	666
Planned and Emergency Facilities Project						
	Requested New Funding	550	561	572	584	595
	New Funding Total	550	561	572	584	595
Annual Regional Public Safety						
	Existing Annual Funding	0	0	0	0	0
	Requested Funding	150	150	150	150	150
	New Funding Total	150	150	150	150	150

The total additional funding over the five-year period is approximately \$4.4 million from C/C Tax/CIP Reserve and approximately \$500,000 from the Water Fund. Staff seeks Council direction on whether, at least at this preliminary stage, to program the above changes into the Proposed CIP.

Council Question No. 2: Should staff include the infrastructure recommendations shown in Table 1 in the Proposed CIP?

CATEGORY 2 PROJECTS (DISCRETIONARY)

The Discretionary Projects in Attachment 2 were proposed for consideration during the Five-Year CIP planning cycle and require full or partial funding from the C/C Tax or CIP Reserve Funds, or from contributions from other local funding sources.

Funding Availability

C/C Tax and CIP Reserve

Staff estimates there will be available funding of approximately \$9.0 million for the Category 2 projects over the next five years from C/C Tax and CIP Reserve funding sources if Council funds the Non-Discretionary Projects at the level requested in the previous section:

C/C Tax	\$9.0 million
CIP Reserve	\$4.0 million
Funding for Recommended Category 1 Projects	\$4.4 million
Remaining Available for Category 2	\$8.6 million

Community Benefit Funds

The City has been collecting increasing amounts of Community Benefit funds from developers. Some of these funds are allocated towards specific capital projects in the vicinity of the development, while allocation of the remainder has been deferred until consideration of the CIP. The City has received \$12.5 million of unallocated Community Benefit funding to date (approximately \$2.3 million from 405 San Antonio Road (Merlone Geier Phase 2) and \$10.2 million from 1625 Plymouth Avenue (Broadreach)). Community Benefit funds are also anticipated from the Prometheus development at 400 San Antonio Road and several other development projects though these funds are not yet received.

Community Benefit funding, like C/C Tax and CIP Reserve, can be used for any capital improvement project. Council guidance is sought on how to allocate these funds in the Proposed CIP. Council may direct staff to allocate the funding to particular projects or to return with a proposed funding allocation for Council consideration with the Proposed CIP. Several large unfunded projects are discussed later in this report that Council may consider as candidates for the Community Benefit funds.

Council Question No. 3: Are there particular projects towards which Council would like to direct the Community Benefit funds from the developments at 405 San Antonio Road and 1625 Plymouth Avenue?

While staff is not seeking Council direction on all possible projects, preliminary direction on several groups of projects or major projects will assist staff with preparation of the Proposed CIP.

A. Amendments to Existing Projects

Staff recommends that Council fund amendments to five existing projects (summarized below) in order to move the projects forward.

Project	Funding	Description
Amendment to (CIP 17-33) Wagner Avenue Reconstruction	Original Funding: \$644 (\$155 C/C Tax and \$489 VRF) Requested Funding: \$426 C/C Tax New Total: \$1,070	Amendment to existing project as the costs have increased as the original project budget was established 6 to 7 years ago.
Amendment to (CIP 16-44) CIP Development	Original Funding: \$50 (\$15 C/C Tax and \$ 35 various) Requested Funding: \$60 C/C Tax \$15 NBS New Total: \$125	Amendment to add funding for Capital Projects Section staff to develop capital project budget proposals.
Amendment to (CIP 16-34) Regional Public Safety Communication System – Infrastructure Replacement	Original Funding: \$2,380 (\$1,680 CIP Reserve and \$ 700 Equip Repl) Requested Funding: \$85 C/C Tax New Total: \$2,465	Amendment to existing project due to the increase in equipment for RCS.
Amendment to (CIP 15-49) Police Department/Library CCTV Replacement	Original Funding: \$267 CIP Reserve and C/CT) Requested Funding: \$107 C/C Tax New Total: \$374	Amendment to expand CCTV coverage of Police/ Fire building exterior and Police holding facility.

Project	Funding	Description
Amendment to (CIP 14-50) Fire Station Alerting System	Original Funding: \$253 (\$160 C/C Tax and \$40 NBS and \$53 Eqp Repl) Requested Funding: \$132 C/C Tax \$33 NBS New Total: \$418	Amendment to purchase and install Phoenix G2 Station Alerting System.

The total new funding for the amendments to existing projects is approximately \$810,000 from C/C Tax and \$48,000 from the North Bayshore Fund.

B. One Bay Area Grant (OBAG) Matching Funds

Staff has been notified that the City would likely receive funding from the OBAG Round 2 funding in the amount of \$1.136 million for the Middlefield Road resurfacing improvements project (from Shoreline Boulevard to Rengstorff Avenue). Staff recommends funding the match at \$414,000 with C/C Tax Fund to leverage these grant funds.

If the recommended amendments and OBAG matching funds are approved, the remaining balance in C/C Tax and CIP Reserve is as follows:

C/C Tax (available after Category 1 projects)	\$4.6 million
CIP Reserve	\$4.0 million
Funding for Category 2 Amendments and OBAG Match	\$1.2 million
Available	\$7.4 million

Council Question No. 4: Does Council support funding the recommended Category 2 amendments and OBAG matching funds?

C. New Projects

Because this year is the full Five-Year CIP, a large number of project proposals were submitted by City departments. Large projects have also been generated from studies (the Stevens Creek Trail four cities study and the California/Escuela/Shoreline study, for instance), and design work has proceeded on large projects without construction funding (the Shoreline Pathway and Library Renovation). Because there are a large number of projects, different funding

options for some projects, and limited resources, staff is not seeking final decisions on all projects, but rather guidance to narrow down options and assist with preparing a Proposed CIP for Council consideration in April.

Projects that Support Essential Operational Functions

The following five projects are safety-related or update existing systems, and staff recommends that they be included in the Proposed CIP.

Project	Total	C/C Tax	Other	Description
CPA MainStage Catwalk and Balcony Rail Fall Protection	\$64,000	\$64,000	\$0	Improve handrails and fall protection in overhead work areas at Center for the Performing Arts MainStage in order to meet OSHA requirements.
Fire Station #4 Fire Training Tower Rehabilitation	\$365,000	\$365,000	\$0	Major repairs are in order to maintain its functionality to provide practical training to Firefighters.
Library Automated Materials Handling System Upgrade	\$106,000	\$106,000	\$0	This proposed project would be a major upgrade to the Library's automated materials handling system provided by MK Solutions, Inc.
Library CENIC Network Implementation	\$145,000	\$121,000	\$24,000 (Grant Funding)	The Library is requesting funds for the Mountain View Library to join CENIC (Corporation for Education Network Initiatives in California) which operates a high-capacity, 3,800-mile fiber optic network.
MOC Security Upgrades	\$320,000	\$120,000	\$200,000 (Other Funding: Water and Wastewater)	Review MOC security for potential upgrades, including improved perimeter fencing, additional security for the Whisman Reservoir, and enhanced security for the front entrance and administration building.
TOTAL	\$1,000,000	\$776,000	\$224,000	

Council Question No. 5: Does Council agree with including these five projects in the five-year plan?

Possible Annual or Periodic Discretionary Projects

There are a large number of relatively minor improvements that can be made to the City's pedestrian and bicycle infrastructure, though a dedicated annual funding source does not exist. Some of these projects are funded individually, while others wait for inclusion in a larger project. A dedicated annual funding source would speed implementation of such improvements, and three possible projects are included for Council's consideration.

1. Annual Bike/Pedestrian Improvements: This would allow staff to bundle some of the smaller recommendations (there were 170+) that affect multiple locations from the 2015 Bicycle Transportation Plan (BTP) and projects from the Pedestrian Master Plan into larger projects for efficiency for both project development and construction. Some larger projects would still be done as stand-alone CIPs (such as Latham Street Bike Boulevard improvements or the Shoreline Pathway) (\$375,000 per year).
2. Annual Crosswalk Improvements: This would also allow staff to have resources to implement crosswalk enhancement improvements that are needed across the City into a single project to save both project management and construction costs by designing and bidding like projects together. An example for this would be to enhance and standardize markings at midblock crosswalks at multiple locations around the City (\$300,000 per year).
3. Annual Cross-Culvert Removal and Storm Drain Extension: The City has a number of locations in the older portions of Old Mountain View and the Shoreline West Neighborhood where cross-culverts provide drainage across intersections. These cross-culverts tend to clog with leaves and debris and can impede bicycle and vehicle travel. Cross-culverts are replaced with conventional curbs and drain inlets when streets are reconstructed, but a dedicated project would increase the speed at which these facilities are replaced (\$500,000 per year).

Staff seeks Council direction on whether to program such projects in the Proposed CIP. Since the frequency (annually, biennially, or other) and funding level of these projects is flexible, staff can make adjustments based on funding availability and other direction provided by Council.

Council Question No. 6: Should staff program any of the annual/periodic improvements in the Proposed CIP?

There are a number of major new projects that were not included in previous CIPs. Council guidance on prioritizing these projects will assist staff with preparing a Proposed CIP.

Stevens Creek Trail

A feasibility study prepared as a joint effort by the cities of Mountain View, Sunnyvale, Los Altos, and Cupertino to extend Stevens Creek Trail southerly beyond its current terminus at Heatherstone Way is complete. Design of the next reach, from Heatherstone Way to Fremont Avenue, is not funded. The City has also not begun formal discussions with the City of Sunnyvale regarding the financial and other responsibilities of each City for the next reach of trail. The estimated cost of a project for design, environmental clearance, and permitting of this reach is \$6.6 million. Staff seeks Council direction on whether and how to program the next reach of trail in the Proposed CIP. Council may consider funding an effort to work with Sunnyvale to define the scope of the next project and the mutual responsibilities of each agency. Such an effort will help define amount and timing of funding from each agency. While staff will pursue grant funds for the project, some City funding will be needed. Some previous Stevens Creek Trail projects have been partially funded with Park Land funds. Staff also seeks Council direction on whether Park Land funds will be considered for the next Stevens Creek Trail Project.

Council Question No. 7: (a) Does Council wish to advance the next reach of Stevens Creek Trail in the Five-Year CIP; and (b) Would Council consider Park Land funds (in addition to or instead of C/C Tax, CIP Reserves, or Community Benefit Funds)?

Library Renovation

Design is nearly complete of a major remodel for the Library that significantly expands the Children's Area, increases the size of downstairs Community Room, adds square footage to the second floor, reduces the Reference Desk area, and creates multi-purpose meeting rooms and several small group meeting rooms. Construction is unfunded, and the current cost estimate is \$3.8 million. Funding of the Library improvements was proposed as a Community Benefit of the NBS Bonus FAR program by the LinkedIn Shoreline Commons project, though Google now has control of that site and LinkedIn is developing another Mountain View site on East Middlefield Road. The timing of such a community benefit contribution to the project is now uncertain.

Council Question No. 8: Does Council wish to advance the Library Renovation project in the Five-Year CIP?

Transportation

In 2015, the City Council set aside placeholder funding of \$1 million (\$367,000 of C/C Tax and \$633,000 in Community Benefit funds) to fund projects from the Bicycle Transportation Plan and the California/Escuela/Shoreline Complete Street Study. Several potential projects have advanced that are candidates for this funding, and staff seeks Council direction on how to allocate these funds in the Proposed CIP.

Council Question No. 9: Staff requests Council direction to: (1) select one of the following projects to apply that funding; or (2) direct staff to reallocate the funding to another bicycle/pedestrian project; or (3) reallocate to another type of Category 2 project.

- a. **Latham Street Bike Boulevard Improvements (\$1 million)**
- b. **Shoreline Pathway Construction (\$2.2 million)**
- c. **Mayfield Tunnel Design (\$3.2 million)** NOTE: \$750,000 of Community Benefit funds were set aside for this project by City Council.
- d. **Rengstorff Grade Separation Environmental Clearance Amendment (17-37) (+\$2.5 million)**

There are a number of other requests for projects in Category 2 shown in Attachment 2. With Council direction from the Study Session, staff will prioritize these projects with available resources and propose a CIP with recommended projects. Council will have the opportunity at that time to provide input on all projects in the Proposed CIP.

CATEGORY 3 PROJECTS (NORTH BAYSHORE)

Category 3 projects are primarily funded from the Shoreline Regional Park Community Fund (SRPC) (see Attachment 3). To provide additional resources to support the new development allowed in the 2014 North Bayshore Precise Plan (NBSPP), Council adopted a NBS Development Impact Fee in 2015. The City has received NBS Development Impact fees from two projects and additional revenue from entitled and pipeline developments is expected in the five-year planning horizon. Projects in Category 3 include those identified in the NBSPP as well as those identified in the Landfill Master Plan, the Sea Level Rise Study, and the NBS Transportation Study that were completed in 2013.

Staff anticipates that sufficient funding will be available to fund the new projects proposed for Category 3 in the Five-Year CIP.

Staff recommends including the following new projects in the upcoming Five-Year CIP:

Shoreline Reversible Bus Lane Property Acquisition (\$4.26 million)

Shoreline/Highway 101 Ramp Realignment (\$20 million)

Lower Stevens Creek Levee Improvements (\$2.94 million)

Shoreline over Highway 101 Pedestrian/Bicycle Bridge* – Design (\$1.6 million)

Shoreline over Highway 101 Pedestrian/Bicycle Bridge* – Construction (\$19 million)

* Staff would expect NBS fund to be reimbursed as a Community Benefit for the Shoreline Commons project now controlled by Google. These estimates do not include land acquisition expenses.

Design is nearly complete on the State Coastal Conservancy's (SCC) South Bay Salt Pond (SBSP) project, and the SCC is compiling the funding necessary for construction. The City's Sea Level Rise Study (SLR) anticipated that the City may partner with the SCC on certain aspects of the project, as the SBSP improvements also serve the purposes of some of the planned SLR projects. The fill planned with the SBSP project will serve the purpose of the armoring planned along the northerly edge of the landfill, and the SBSP project also includes levee improvements anticipated in the SLR study.

Staff proposes a capital improvement project in the amount of \$5 million to provide a cost share with the SCC, design and construction of lake supply pump station improvements anticipated in the SLR study, and staff time/professional services for the considerable coordination needed during construction of the SBSP project. If the recommended project is approved, staff will return to Council in fall 2017 with a recommended cost share agreement.

Council Question No. 10: Should staff include the listed North Bayshore projects in the Proposed CIP?

CATEGORY 4 PROJECTS (PARK LAND DEDICATION FUND)

Category 4 projects are eligible for Park Land Dedication (PLD) funding (see Attachment 3). PLD funds are collected from residential developers and subdividers to offset the impacts of those developments on City parks and open space resources. Fees can be used to fund parks, trails, and recreational projects, including the acquisition and development of park land and open space and the rehabilitation of existing park and recreational facilities. Current Council Policy prioritizes the funding of PLD funds

based on the following objectives: (1) acquisition; (2) development; and (3) rehabilitation. Within each of the three priorities, first consideration is given to projects that are located within one mile of the development generating the fees. Next consideration is given to projects that provide a “communitywide” asset.

Council approved a large number of new parks and park renovation projects (especially for restroom and irrigation) in the last two fiscal years and Community Services and Public Works staff are currently managing these projects.

Due to the strong housing development market, the City has received approximately \$1.58 million in PLD fees in the current Fiscal Year (July 1, 2016 to March 2, 2017).

Staff estimates that projected Park Land fees will cover the cost of the existing and recommended projects over the next three to five years based on entitled projects and those with submitted planning applications. If fees are collected as anticipated, the following are new project proposals that staff would like Council to consider for inclusion in the next Five-Year CIP:

Rengstorff Master Plan Implementation

The City Council approved the Rengstorff Park Master Plan in 2014. Lighting and other electrical upgrades have since been completed. Council approved plans and specifications for improvements to a new Traffic Signal entrance on Rengstorff Avenue, utility upgrades, and the Community Center Renovation at the March 21, 2017 meeting. Staff recommends that Council continue with the Rengstorff Master Plan Implementation and direct staff to include the following three projects in the Five-Year CIP:

- a. Replacement Aquatics Center and Pool (\$18.1 million)
- b. New Maintenance Building(including Ranger Station and Restrooms) and a new Tennis Building (including Restrooms (\$6.3 million))

All Inclusive Playground

This month, the Parks and Recreation Commission (PRC) heard a presentation on the success of an all-inclusive playground that was recently opened in Palo Alto by the Magical Bridge Foundation. The playground features play equipment and other features specially designed to allow children and adults with physical and/or cognitive challenges as well as their families and friends to all engage in play together. The Santa

Clara County Board of Supervisors recently approved \$10 million in funding to be divided evenly amongst the five County districts for a competitive matching grant program to support this type of recreation amenity. The grant guidelines are still being developed, but staff expects applications to be due in October 2017. Staff and the PRC are very interested in pursuing the grant funding and in working with the community to find a location for such a playground. The PRC have included this in their proposed work plan and as a goal for consideration by Council at the April 18 Goal-Setting Study Session. If Council is supportive of the idea of developing such a playground in Mountain View, staff will include funding in the proposed Five-Year CIP and continue to work on this effort.

Stevens Creek Trail Extension

Staff requests Council direction on using Park Land Dedication fees or other funding sources for the next segment of Stevens Creek Trail as discussed in Category 2.

400 San Antonio

Council approved a large development project at 400 San Antonio Road which included park land dedication. Staff recommends including funding for design and construction of a park on this property in the 5-year plan.

Other Potential Projects

Potential park land dedications that are proposed with current development applications (not yet entitled) and the Los Altos School District (LASD) partnering are not proposed to be included in the Five-Year CIP at this time, but staff is tracking them as informal placeholders and for consideration as we map out the funding for the various subareas in the PLD moving forward and will return to Council as appropriate.

PLD fees are scheduled for review by the PRC in May. Information from this Study Session will be provided to the PRC and the input from the PRC will be used to help guide development of the final draft of the CIP.

Council Question No. 11: Is the City Council supportive of this list and/or does the City Council have any other specific projects to add?

CATEGORY 5 PROJECTS (OTHER FUNDS)

Category 5 projects do not require CIP Reserve or C/C Tax funding, and are funded from other dedicated funding sources such as the Transit-Oriented Development Fund (TOD), Water Fund, and Wastewater Fund.

Transit-Oriented Development (East Whisman Area)

There is a current CIP approved for this area to improve pedestrian and bicycle access on Middlefield Road and through the Ellis/Highway 101 interchange. Staff expects the first phase of the project to be in construction in 2018. There are remaining funds in the TOD Fund, but staff recommends waiting until the East Whisman Precise Plan is further developed before programming those funds in the Five-Year CIP.

Water and Wastewater Funds

The Water and Wastewater Funds do not have sufficient capacity to fund the requested projects over the five-year plan. Staff is reviewing estimated and projected revenues and project proposals to develop a strategy for funding these needs. Some combination of rate increases and bonding will likely be necessary. Staff will provide additional information to Council on these two funds and proposed programming at the next CIP Study Session in late April

Unscheduled Projects

To provide the City Council with a comprehensive list of all capital project funding demands, Attachment 4 includes a listing of previously proposed projects that have not been recommended for funding during the Five-Year CIP planning horizon because of limited funding and/or the project's lower-priority status compared to other projects. Several new project proposals are also on this list as future placeholders. Any projects moved from this list into the Five-Year CIP may require removal of another project from within the five-year plan due to funding and staffing limitations. Any projects not included by the Council after tonight's discussion will also be added to the Unscheduled List for future consideration should additional funding become available over current projections in the various funds. Staff also uses this list when researching or pursuing grant funding opportunities and for developing future Five-Year CIPs.

RECOMMENDATION

There are a large number of potential capital projects that could be included in the upcoming Five-Year CIP, and several funding sources that could be used for a variety

of purposes. Staff is seeking preliminary input from Council on key questions that will aid with preparation of a Proposed Five-Year CIP.

NEXT STEPS

Based on the direction provided by the Council at the Study Session and considering resources and staffing availability, staff will present a revised list of capital projects for the Council's review when the draft Fiscal Years 2017-18 through 2021-22 CIP is presented to the Council at a Study Session in late April.

Prior to the April Study Session, staff will:

- Present a list of proposed capital projects to the Bicycle/Pedestrian Advisory Committee for its review and input (March 2017).
- Review the Water and Wastewater Funds and develop a proposal regarding rates.

Staff will present a list of proposed capital projects and the PLD fee to the PRC for its review and input (May 2017).

PUBLIC NOTICING

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

ND-JAS-MAF/7/CAM
771-03-28-17SS-E

- Attachments:
1. Planned Non-Discretionary and Discretionary Projects (Category 1)
 2. Discretionary Projects (Category 2)
 3. Park Land Dedication-Funded Projects (Category 4)
 4. Unscheduled

cc: RM – Marchant, POSM, SAA – Ruebusch, PCE – Au, TE, TP – Kim, TM – Kass,
TP – Baird