



PUBLIC WORKS DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: May 3, 2022

Subject

Consider a Study Session on the Capital Improvements Program (CIP,) including review of the five-year CIP (Fiscal Year (FY) 22-27) and new proposed projects for FY 22-23.

Recommended Action

Receive report on the five-year CIP (FY 22-27,) including new proposed projects for FY 22-23, requesting comments and direction.

Discussion

Developing the CIP

Development of the annual CIP is a multi-step process. Staff gathers input on potential projects and these projects are evaluated based on the following criteria:

1. Council-identified priorities
2. Health and safety improvements
3. High priorities established through completed master plans or condition assessments
4. Projects in response to community input and ongoing usage; projects previously on hold that need to be re-activated
5. Availability of external funding such as grants or projects that remain eligible for external funding
6. Fiscally and programmatically conservative projects that are within the means of staff to deliver

A preliminary list of potential projects is reviewed publicly, with specific outreach to commissions to receive feedback. Subsequently the developing CIP list is presented to the City Council at a study session (current phase). This allows the City Council to provide early input into priorities for the CIP with advance knowledge from the outreach conducted on the program. On May 17, staff will bring the Proposed CIP, incorporating input from the study session to the City Council for further review, modification, and approval. The process will be completed with a second reading in June.

The FY 22-27 CIP projects are grouped into the following six categories as displayed in Attachment C:

- 1) New projects for consideration
- 2) Existing projects with multi-year funding
- 3) Existing fully funded projects
- 4) Existing projects with grants/external funds
- 5) Completed projects
- 6) Deferred Projects (on hold)

The development of the CIP this year provides a five-year look ahead, with a focus on advancing and completing outstanding projects, while introducing additional work where staffing capacity allows.

FY 22-23 Project Proposals

There are seven new projects for discussion for FY 22-23 (Attachment A). Three of the seven proposals have been explicitly mentioned as Council priorities. Six of the proposed projects are drawn from a Master Plan or the General Plan. Four projects are maintenance or health and safety driven. Five projects have wide community support, either directly or by association with previous versions of similar projects.

FY22-23 NEW PROJECTS	Council Priority	Health Safety	Master Plans	Public Input	External Funding
1. Blackberry Farms Pools Splash Pad		x	x		
2. City Hall Renovation/ Replacement and Library Parking Garage: Design and Construction		x	x	x	
3. City Lighting LED improvements	x		x		
4. De Anza Blvd Buffered Bike Lanes			x	x	
5. Jollyman All-Inclusive Play Area: Adult-Assistive Bathroom Facility		x	x	x	
6. Major Recreation Facilities: Use and Market Analysis	x		x	x	
7. Stockmeir, Bryne and Blesch: Inspection Reports and Analysis	x	x		x	

A description and justification of each project is included in Attachment B. Capital Improvement Program (CIP) projects are often programmed and delivered in phases to allow for complex projects to be evaluated and scoped in detail, accounting for community and organizational needs as well as budget. In the list above, projects two, five, six, and seven are phases of larger efforts. In the list above, projects two, five, six, and seven are phases of larger efforts, either existing or proposed. Within a five-year CIP, staff attempts to identify funding expenditures for the appropriate phase and year, when sufficient information is available to do so. When the CIP is later brought forward for consideration of Council approval, the approval will apply only to the upcoming FY 22-23 budget.

Background

Of particular note within the proposed projects, a third-party structural engineer has recently evaluated City Hall and identified specific and significant structural issues that impact the building's anticipated performance in a seismic event. The report is included here as Attachment G1 along with prior Seismic Evaluations of City Hall (Attachments G2 – G5). Attachment G is a memo summarizing the importance of the City Hall Replacement/Renovation and Library Parking Garage project in light of the seismic evaluations. This project is proposed in phases to address Civic Center parking needs first, with a completed evaluation and decision on options for City Hall Renovation/Replacement to be prepared for discussion in early 2023 in advance of the next CIP budget cycle.

City Council is asked to provide comments on the newly proposed projects for FY 22-23 prior to the FY 22-23 Proposed Budget. Additionally, staff invites comments on CIP projects suggested for fiscal years 2023 to 2027. While those projects are not included in the current Proposed Budget or CIP program review and approval, City Council's input will help with advance workload planning. Attachment C lists the projects with their respective budgets.

Commission Input

The Planning Commission, Parks and Recreation Commission, and the Bicycle and Pedestrian Commission reviewed the proposed projects within their purview and provided input at their April meetings. The Parks and Recreation Commission voted unanimously to support the new CIP projects proposed. Pursuant to California Government Code Section 65401 and Chapter 2.32.070(C) of the Cupertino Municipal Code, at the April 12 Planning Commission meeting, the Planning Commission adopted a Resolution (Attachment E), finding that the proposed FY 22-23 CIP projects conform with the General Plan. The Bicycle and Pedestrian Commission restated their interest in projects as follows, while acknowledging the need to prioritize based on staff resources:

1. Bollinger Road Improvements (from completed FY 20-21 Study)
2. Carmen Road Bridge (plans, specifications, and estimates)
3. Stevens Creek Boulevard Phase 3

4. De Anza Boulevard Buffered Bike Lane
5. Touchless Pedestrian Push Buttons

Sustainability Impact

Sustainability impacts vary by project, and some of these projects have not yet been reviewed for their environmental impact. In general, many CIP projects are designed to improve sustainability. Any potential impact from projects will be identified and addressed during the design phase of each project.

Fiscal Impact

The annual CIP assumes a base funding amount of \$2.5 million annually, with that amount varying based on available year end fund balances.

Over the last seven years, the General Fund transferred a total of \$60,791,725 to the Capital Reserve as follows:

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|--------------------------|--------------------------|
| • FY 21-22: \$10,000,000 | • FY 17-18: \$10,000,000 |
| • FY 20-21: \$5,000,000 | • FY 16-17: \$15,000,000 |
| • FY 19-20: \$10,000,000 | • FY 15-16: \$2,791,725 |
| • FY 18-19: \$8,000,000 | |

Although transfers from the General Fund to the Capital Reserve are yet to be determined for future years, past experience provides a target for future project programming. Staff continues to recommend that the Capital Reserve account maintain a minimum unprogrammed fund balance of \$2 million to allow for funding needs during the course of the fiscal year.

The budget for active CIP projects totals \$53.1 million for 40 projects at various levels of completion, including \$8.2 million of external funding. Nine projects have been completed, totaling \$5.7 million in the current fiscal year. Six projects are presently on hold (deferred) due to external funding delays and project phasing.

The Capital Reserve fund balance is currently estimated to end the year at \$13,579,991. New projects proposed will reduce this amount by \$7,575,000. The current Fiscal Year Proposed Budget recommends transferring \$2,500,000 annually to the Capital Reserve, resulting in an estimated ending fund balance of \$8,504,991 for FY 22-23, should all recommended Capital Projects be approved.

Prepared by: Susan Michael, Capital Improvements Program Manager

Reviewed by: Matt Morley, Director of Public Works

Reviewed by: Dianne Thompson, Assistant City Manager

Approved for Submission by: Jim Throop, City Manager

Attachments:

- A – Proposed FY22-23 CIP Project List
- B – Proposed FY22-23 CIP Project Narratives
- C – FY22-23 CIP Projects Table
- D – Status Report, Current CIP Projects
- E – Planning Commission Resolution 6950
- F – Memo Civic Center Projects Update
- G – Memo on City Hall Seismic Analysis
 - G1 - 2021 City Hall Tier 1 Seismic Eval
 - G2 - 2014 Seismic Study Tipping Mar
 - G3 - 2012 Essential Serv Fac Analysis AKH
 - G4 - 2006 Seismic Report AKH
 - G5 - 2011 Structural Analysis AKH