



PUBLIC WORKS DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: May 4, 2021

Subject

Study Session on the Capital Improvement Programs (CIP): Review of Projects Proposed for Fiscal Year (FY) 21-22.

Recommended Action

Receive the Report on Projects Proposed for FY 21-22 and Provide Comments.

FY21-22 Project Proposals:

Current year CIP projects are grouped into the following five categories:

- 1) New projects
- 2) Existing projects with multi-year funding
- 3) Existing fully-funded projects
- 4) Existing projects with grants/external funds
- 5) Completed projects

Currently funded projects that will continue, and capital improvement projects proposed for next year, were evaluated on the following criteria:

1. Council Priority
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 or grants/remaining eligible for funding or grants
6. Fiscally and programmatically conservative, and within the means of staff to deliver

There are sixteen new projects proposed for FY21-22. These projects are shown in Attachment A – Proposed FY21-22 CIP Projects. Seven of the sixteen proposals have been explicitly mentioned as Council priorities. Nine of the proposed projects are derived directly from the Master Plans. Four projects are maintenance and/or Health/Safety-

driven. Separately, Attachment B – Proposed FY21-22 CIP Projects Narratives provides a full description of these proposed projects. Attachment C – Proposed & Existing FY21-22 CIP projects table lists all the projects with their respective budgets.

The proposed projects include significant work within Memorial Park, in the form of three projects: Ponds Repurposing, Amphitheater Improvements, and Specific Plan Design. All are high priorities within the Parks and Recreation System Master Plan, and the work addresses concerns brought to and from Council, to address deficient existing conditions at the Park. The proposed list also includes renovation work at the newly acquired Torre Avenue property. The plan is to transform that site into a useful interim facility due to needed renovations at the City Hall building, which are also included in a Programming and Feasibility study project.

Commission Input

The Parks and Recreation Commission and the Bicycle Pedestrian Commission both reviewed proposed projects within their purview and provided input at their April meetings. The Bicycle Pedestrian Commission made a motion expressing unanimous support for the Stevens Creek Blvd Separated Bikeway Phase 2 project, the Stelling Road/Alves Drive crosswalk installation, and the Carmen Road Bridge right-of-way acquisition. Additionally, the motion included the request that design for Stevens Creek Boulevard Separated Bikeway Phase 2 continue to Foothill Boulevard and that the Carmen Road Bridge project continue to design following right-of-way acquisition efforts. The Planning Commission will review the new FY21-22 CIP projects for conformity with General Plan at its May 25, 2021 meeting and the Planning Commission's report will be presented to Council when it considers adopting the FY21-22 budget.

Sustainability Impact

Sustainability impacts vary by project, and some of these projects have not yet been reviewed for environmental impact. Appropriate mitigation measures are required when potentially significant impacts are identified. In general, many CIP projects are designed to improve sustainability.

Fiscal Impact

Over the last six years, the General Fund transferred amounts to the Capital Reserve as follows:

- FY20-21 - \$5,000,000
- FY19-20 - \$10,000,000
- FY18-19 - \$8,000,000
- FY17-18 - \$10,000,000
- FY16-17 - \$15,000,000
- FY15-16 - \$2,791,725

Although no transfers from the General Fund to the Capital Reserve are forecasted for the next ten years, consistent with past experience, it is likely that annual transfers of excess General Fund balance will be made part of the Mid-Year Financial Report. However, with the current financial uncertainty, it is not feasible to make funding recommendations for a 5-year CIP.

Additionally, since it is uncertain how COVID-19 related economic factors will impact City budgets in the future and what emergency projects may arise, it is recommended that the Capital Reserve account maintain a minimum funded balance of \$2 million.

The FY21-22 Amended CIP Budget totals \$41.6 million for 40 projects at various levels of completion. This total excludes transfers out from the Capital Reserve to fund capital projects in other funds. A transfer out represents a movement of cash from one fund to another and is not an actual expense but the accounting mechanism to move cash between funds.

The Capital Reserve fund balance is currently \$11,593,549. New projects proposed will reduce this amount by \$14,218,000 (less \$1,385,952 in external/outside funding), resulting in a deficit of \$1,238,499. In order to replenish this deficit and comply with the \$2 million minimum fund balance requirement in the Capital Reserve, a \$3,238,499 transfer from the General Fund will be needed.

Additionally, a two-year limited term Project Manager is being proposed at a cost of approximately \$217,600 for FY21-22 salary and benefits in order to align staffing resources with authorized CIP projects.. This would bring total staffing in CIP to 7.25 FTE.

Prepared by: Susan Michael, Capital Improvement Programs Manager, and Zach Korach, Finance Manager

Reviewed by: Roger Lee, Director of Public Works

Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Proposed FY21-22 CIP Projects

B – Proposed FY21-22 Project Narratives

C – Proposed & Existing FY21-22 CIP projects table