




CITY COUNCIL AGENDA

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MEETING DATE: DECEMBER 17, 2013
TO: CITY COUNCIL / CITY MANAGER
FROM: PUBLIC WORKS DEPARTMENT
SUBJECT: CAPITAL IMPROVEMENT PROGRAM (CIP) OVERVIEW

Approved for Agenda:



City Manager's Office

SUMMARY

The City invests in its infrastructure through the five-year Capital Improvement Program (CIP). Using various funding sources, Fullerton acquires, repairs, or replaces the major assets needed to deliver its services to the City's residents and businesses. The CIP includes water main replacement, sewer repairs, replacement of major building systems, street rehabilitation, and a variety of other projects.

This agenda item provides Council with an overview of past CIP projects, with a focus on the current plan and options being developed to address the condition of the City's streets, including a preview of potential supplemental funding sources and options for several under-funded CIP programs.

RECOMMENDATION

Receive and file CIP Status Report

FISCAL IMPACT

None

DISCUSSION

The City's Capital Improvement Program acquires, repairs, or replaces the major assets needed to deliver its services to the City's residents and businesses. Over the course of the past several years, the City has been successful in developing long-range funding needed to address significant needs and aging infrastructure. Of particular note has been the investment made in the sewer system, parks system, and two upcoming grade separation projects. These are summarized in this agenda letter.

Even with strategies to address long-term infrastructure needs, significant challenges remain, specifically for the City's aging street infrastructure and street lighting system. Several factors have contributed to these challenges: the impacts of the "great recession" saw less General Fund revenues; increased fuel efficiency in vehicles, resulting in a reduction in Gas Tax funds provided to local agencies; and, of particular impact to Fullerton, was the dissolution of Redevelopment Agencies (RDA) throughout the State. The RDA dissolution created a significant challenge, particularly in that funds held by the former RDA were anticipated to be used for needed street repairs. Additionally, two infrastructure needs are linked: the water system and streets. As the condition of the City's water infrastructure continued to deteriorate, this accelerated the damage to the City's streets.

Eight major capital programs will be reviewed: facilities; sewer repairs; water system repairs; park improvements; street-lighting; alleys; railroad grade separations; and street repair. In addition, one non-capital program, tree maintenance, will be reviewed because of the impact the urban forest has on Fullerton's quality of life, and its interrelationship with the adjoining infrastructure and resultant repair issues.

Facilities

Since the early 2000's, the City has completed several major facility upgrades to meet public needs. Some of these projects include:

- The Main Library was significantly expanded in 2011, with a new shelving system, a new space for the Launer History Room, a community meeting room, a teen lounge, an expanded public-access computer area, and a privately-run café. The expansion also included new paint and furniture to unify the old and new spaces. To reduce the Library's energy consumption, the new parking lot shelter features rooftop solar panels to provide on-site electrical power.
- A 2002 redesign of the City Council Chamber and administrative offices that improved public access to meetings by significantly upgrading the audio-visual presentation equipment, including live cable broadcast of meetings. The project also included wheelchair access to the presentation podium. Revealing a row of previously-covered windows on the Chamber's north side allows natural light into the space.

- A 2002 addition to the Police Department that included a state-of-the-art dispatch center and a redesigned public lobby. The 2002 project was the second made to the original 1942 WPA City Hall; in the 1970's the Highland Avenue addition provided much-needed space as the department expanded to meet the needs of a growing City.

New projects and additions are only part of the City's long-term facility needs. Once a building is completed, its internal systems must be maintained, repaired, and replaced on a regular basis. In the late 1990's, Fullerton established a Facility Capital Repair Program to fund the repair and replacement of major building assets such as air conditioning/heating systems, flooring, exterior painting, and roofing. Facilities are charged by square footage, with the charges based on the facilities' long-term funding needs. As part of the two-year budget, Facility Maintenance Division staff assesses the condition of assets scheduled for replacement, and creates a five-year capital plan for inclusion in the CIP. Recommendations are based on the expected life cycle and the estimated useful life span of each asset. The Public Works Director and City Manager review the recommended list of projects as part of the budget review process. The final list of projects is presented to Council as part of the CIP portion of the annual budget. In addition to these programmed repairs, the fund has been used to pay for some unforeseen urgency repair needs.

Although departmental internal service fund payments have decreased due to limited revenues, by delaying or rescheduling some repairs, the fund has a current balance of approximately \$1.5 million. In general, while we have an aging facility infrastructure, the older facilities are well maintained and Fullerton has a system in place to maintain and repair this infrastructure.

Some of the projects funded by Facility Capital Repair include:

- Recently-approved upgrades to the City's television broadcast equipment following the June 2013 flood in City Hall's basement.
- Roof replacement for City Hall.
- Replacement of the elevator operating hardware and activation controls for each cab at City Hall and the Police Department to meet new safety and ADA standards.
- Replacement of the roof and automatic doors at the Airport.
- Major repairs of Independence Parks' showers.
- Replacement of the air conditioning and heating systems at the Police Department.

It should be noted that two facilities in need of significant renovation are Fire Stations 2 and 5. City staff has been in preliminary discussions regarding opportunities to upgrade these facilities.

Sewer System Repairs

In 2005, the City Council approved a Sewer Enterprise Fee to fund sewer operations and capital repairs. At that time, the City was at risk of violating a new state Waste Discharge Rule that required local governments to reduce the number of sewer overflows by creating a program for the regular maintenance and repair of their sewer systems. The fee provides revenues of about \$6.5 million per year, of which approximately \$4 million is dedicated to capital projects, with the remainder used for routine maintenance. Repairs are usually made using one of two methods: the old sewer line is excavated and replaced with a new line (which can last up to 100 years), or sometimes the existing main can be relined using “cure-in-place” technology, which avoids the time and cost of excavation. In any given year, \$4 million is dedicated to traditional sewer replacement and \$500,000 for relining. Beginning in 2006, the fee has funded more than \$38.7 million in capital repairs. The program has been very successful; in 2004, the year before the fee went into effect, Fullerton experienced 26 sewer overflows. In fiscal year 2012-13, overflows dropped to two.

Some of the past major sewer repairs include:

- Replaced 2,290 feet of sewer main near Hillcrest Drive and Lemon Street in 2007.
- Replaced 4,128 feet of main at Leland Drive and Glenhaven Avenue in 2008
- Replaced 2,850 feet of 15-inch sewer main on Bastanchury Road in 2009
- Replaced 4,440 feet of main near Riverside Drive and Raymond Avenue in 2010

Overall, with a significant investment in the past years, the system is in good condition and repair and replacement schedules are fully funded and ongoing.

Water System Repairs

At several recent meetings, including the December 3, 2013 City Council meeting, the Council has made significant decisions regarding the water system. As such, this section will be kept brief. The City Council’s recent approval of a water rate increase will provide the funding for a long-term repair and replacement program for water mains and related assets. The current five-year CIP includes \$1.75 million in water system repairs for fiscal year 2013-2014, and \$5.2 million in 2014-2015. Projects include:

- \$1.5 million for water main replacements in 2013-14, increasing to \$4.1 million in 2014-15.
- A total of \$80,000 for upgrades to the SCADA water control system.
- \$250,000 over three years for replacing valves, vaults, and other water system components.

Park Improvements

Parks have always been one of Fullerton's greatest assets. Fifty-four parks encompass 996 acres of open space, from state-of-the-art sports complexes to natural areas. Most of the parks include buildings, playgrounds, and other "hardscape". Over the past 15 years, using Park Dwelling fees, grants, and other funding, Parks and Recreation staff have worked with Public Works to substantially upgrade the amenities at many parks. Some of the most recent projects include:

- Lemon Park Phase I - Spray pool and other activity centers.
- Rehabilitation of Laguna Lake.
- The complete rebuilding of the Lion's Field facility, including installation of the City's first artificial turf playing surface.
- Lemon Park Phase II – park, community center, and restroom renovation.
- Construction of the new Fullerton Community Center.
- Tennis Center rehabilitation and renovation.

In the past 10 years, an estimated \$47.5 million has been invested in the City's park infrastructure. While the system was in poor condition at that time, it is generally regarded as being in good condition following the significant investment and project completion in recent years.

Tree Maintenance

Although it is not part of the CIP program, tree maintenance is included in this agenda letter because the urban forest has a profound impact on residents' quality of life, and the way the City manages the forest has an impact on other infrastructure. In the late 1990's, the City made two important changes to its street tree program: it contracted tree maintenance services and completely revised the Community Forest Management Plan.

By contracting tree services with West Coast Arborists, the City has been able to trim about one-third of its 41,000-tree urban forest every year, remove 500 problem trees, and replant another 500.

To coincide with contracting tree services, staff revised the City's Community Forest Management Plan. Elements of the plan include developing a more diverse urban forest, to both prevent species-specific tree diseases and to make more tree species available to the public. More directly related to capital projects, the Plan identified the best tree species for a given planting environment. Ficus trees were a very popular street tree in the 1950's and 1960's because they grow quickly and have large canopies. It took several decades for the arborists to realize the Ficus was not an ideal street tree because of its invasive root systems. As a result, many cities, including Fullerton, have been faced with

the cost of removing Ficus trees that have outgrown their planting sites, and repairing the associated damage to curbs, gutters, and sidewalks. The Management Plan identifies the tree species most suitable for a given location, whether a narrow parkway or a site where tall trees may interfere with utility lines. By planting the correct species, the City is reducing its long-term capital repair costs.

Combined with WCA's high-production tree trimming and removal/replacement program, the Management Plan has been very successful at addressing most of the City's problem tree locations. Fullerton's outstanding urban forest management has earned it the National Arbor Day Foundation's "Tree City USA" designation 34 years in a row.

While the above noted overview of the initial five subjects identify an acceptable level of maintenance, the condition of the City's street lighting system, alleys, and streets continue to pose financial challenges.

Streetlights

There are 6,600 City-owned streetlights in Fullerton; another 623 are owned and operated by Southern California Edison. As noted in an August 2012 report to Council, the streetlight system has developed over many years, with the City's various stages of development reflected in the different types of streetlights in its neighborhoods. The type of streetlight may depend on location (e.g. decorative lighting in the historic City center), or the time it was installed (newer lights may use mercury vapor lighting).

Although converting the streetlight system to more energy-efficient fixtures will save the City money in the long run, the conversion itself will be very expensive because, in many cases, it will require upgrades to circuits and wiring as well as the fixtures themselves. The State of California, through a cooperative program with utility companies like Southern California Edison, offers grant programs to partially fund conversion efforts, but available funds are limited and would cover only a small fraction of the City's costs. Staff continues to seek funding alternatives for streetlight and other energy-savings programs.

By using Park Dwelling Funds to pay for Facility Capital Repair costs at some park facilities, staff has been able to free \$175,000 in General Funds for each of the next five years to use as Unrestricted Capital for streetlight replacements. In addition, staff will apply for State grants hoping to receive \$125,000 for the next two years for needed upgrades.

Alleys

Many of Fullerton's alleys are in the public right-of-way. A 1999 Engineering report stated there are 342 one-block alley segments throughout the City. The report estimated the repair deficiency at \$4.5 million. Alley maintenance and repairs are not eligible for Gas Tax funds, so, in the past, most of the funding came from either HCD Block Grants or the Redevelopment Agency; neither source remains viable. Staff estimates the current repair deficit at \$5.5 million. By using Refuse Collection funds, the current CIP has reinstated \$650,000 in each of the two fiscal years 2013-2014 and 2014-2015 for alley reconstruction and repair. In summary, while there is a need for additional funds, and a long-term

funding strategy, the reinstated funding source is in place and allows for a return to alley maintenance and repairs.

Railroad Grade Separations

Two major railroad grade separation projects will begin in 2014 - one on State College Blvd. and the second on Raymond Avenue. Both projects total more than \$131 million, with the City's commitment at approximately \$5 million. The remainder is coming from a combination of federal, state, and regional grants and BNSF Railroad. The projects represent the City Council's commitment to improving the City's quality of life by eliminating traffic delays (and other negative impacts) caused by train crossings. Vehicular traffic flow will improve, which in turn will reduce air pollution from idling vehicles, and reduce traffic on side streets. These major projects are a result of Council addressing the many negative impacts of these at-grade crossings.

Street Repairs

Routine Maintenance & Repair

Funding for the Public Works street maintenance program is a combination of General Fund, Gas Tax, Sanitation Fund, and the Drainage Fund for a total of approximately \$3.95 million. Due to the annual MOE (maintenance of effort) component of Measure M, these internal expenses cannot be reduced below the original pre-tax funding level. These funds provide for pothole repairs, localized AC overlay, signage installation, roadway striping, street sweeping, minor storm drain repairs, storm drain line video taping, catch basin maintenance and annual pre-rainy season catch basin cleaning, localized sidewalk repair and cleaning, and NPDES (National Pollutant Discharge Elimination System) administration.

In accordance with direction from the City Manager's office, staff added supplemental funding for routine pavement repair. The operating budget now includes an additional \$100,000 in funding for recycled asphalt in each year of the 2013-2015 budgets. The additional funding is being used by City crews to increase pothole filling and larger areas of patching/overlay. Late this year, the same "myfullerton" application for smart phones that can be used to report graffiti can now be used to report potholes. The intent is to enhance Public Works' customer service for faster repair scheduling.

Arterial and Residential Street Repair and Reconstruction Program

The condition of Fullerton's streets is one of the most obvious challenges. Fullerton is not alone in trying to fund a comprehensive street repair and rehabilitation program; many cities throughout California face the same issue. Based on general direction from Council and the City Manager's office, staff has reprioritized residential streets in the five-year CIP to coincide with water main installation, sewer main installation, or both whenever possible.

Funding for routine residential and arterial street repairs comes almost exclusively from Measure M-2 and Federal/State Gas Tax. Over the past ten years, the City has repaired

or reconstructed 31.4 miles of streets (10.6 miles of arterials and 20.8 miles of residential). If funding levels remain, and discounting inflation, the street reconstruction schedule is approximately once every 80 years, well beyond the original design life of 20 years.

The current five-year CIP includes \$4.95 million for arterial street repair and \$3.57 million for residential street repairs. However, this does not currently include the potential one-time revenues from the sale of former Redevelopment surplus properties, City surplus property, and the pending approval by the State to allow up to \$5 million of the 2005 Bond proceeds for City projects. Should these all be realized, staff will recommend that CIP projects for the next three years include these funds. These funds provide for a significant opportunity to provide additional arterial street reconstruction.

Moving forward to FY 2016-17, the current funding level of Gas Tax and Measure M-2 will provide the needed match for repairing approximately one-half of the residential street surfaces when coupled to the water and sewer main replacement. This leaves about \$500,000 per year for the remaining arterial streets. Per the City's Pavement Management program, the annual funding needed to improve the PCI from the current 62 (poor) to 80 (good) is approximately \$12 million. To increase the need for a long-term rate of street repair, staff has identified funding opportunities which could be, with City Council approval, directed toward funding street repairs:

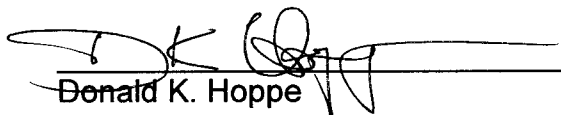
- Staff is nearing completion of the analysis needed to provide City Council with options for electronic freeway billboards. Revenue projections will be made during the review and can be directed toward street repairs.
- Revenues from the operation of the "EcoFuel" CNG fueling station toward street repairs. Staff is analyzing the sales at the new CNG facility, and within the next six months anticipates that an adequate sales history will have been established to project annual revenue.
- The sale/lease of surplus property, such as the sites on Commonwealth Avenue and Basque Avenue, and on Bastanchury Road (north of Hughes Drive). A surplus property plan is anticipated to be ready for Council review in spring of 2014, following the State of California completion of steps related to RDA dissolution process.
- As noted, an additional \$5 million may be available from former Redevelopment bond proceeds. The availability of funds depends on the State of California's final decision concerning the disposition of Redevelopment funds. This decision is expected by spring of 2014.
- Potential loan from other fund balances, most significantly from the Park Dwelling Fund.

The current goal is to identify as much short-to-medium-term funding as possible, at the same time as a long-term coordinated plan of water and street repairs can be developed.

In addition to identifying funding sources outlined above, staff will continue to seek partnership opportunities to address infrastructure needs. As an example, a major potential project is repairing State College Boulevard from Yorba Linda Boulevard to the southern City limits (approximately three miles). The Orange County Sanitation District has tentative plans to replace a large sewer main down the middle of State College Blvd., to coincide with the railroad grade separation project mentioned previously. The project would also create a solid foundation for the College Town development to proceed (if approved by various agencies in 2014). As an alternative funding source, Council may consider the temporary transfer of up to \$4 million in Park Dwelling funds to the General Fund. This could be one funding source to fund the remaining portions of State College Blvd. that need repair from Orangethorpe Avenue to Yorba Linda Blvd. (outlined above). The transfer would take the form of an internal loan between the two funds. Council would have the flexibility of defining the payback terms, such as making annual payments over a 10, 15 or 20-year period. It is suggested that this be an option in the coming months as more information becomes available regarding other funding sources.

Recently, an initiative has been submitted to the State for the November 2014 ballot, that, if qualified for the ballot, and subsequently approved, would provide a new funding source for transportation projects, including local street repairs and renovations. The funds would come from vehicle license fees (VLF), with a dedicated percent available to cities for street CIP projects. As this initiative was just recently announced, Public Works Department staff is currently analyzing the funding formulas and what would be available to the City of Fullerton for capital projects.

There is no simple, single solution to the street system's long-term repair needs. A combination of new funding, possible transfers of some current funds, and innovative public/private partnerships will be required. Staff anticipates returning to the City Council over the next several months to recommend, as part of the mid-term budget review, potential supplemental funding sources for the CIP program.



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