



## STAFF REPORT

To the Honorable Mayor and City Council  
From the City Manager

**DATE:** May 6, 2019

### **SUBJECT**

Fiscal Year 2019-20 and Five Year Capital Improvement Program (CIP) Study Session

### **RECOMMENDATION**

Receive information on the proposed fiscal year 2019-20 CIP and five year CIP, covering fiscal years 2019-20 to 2023-24, and provide feedback.

### **STRATEGIC INITIATIVE**

Government Operations

### **BACKGROUND**

The capital improvement program is a valuable resource to achieving large scale improvements to public infrastructure and community services. Each year, staff present the next year's CIP project recommendations for the City Council to review in spring for adoption with the budget in June. Proposed projects cover a diverse range of topics from above and below ground infrastructure improvements to public facility and service enhancements. Based on the City Council's direction, project funding is distributed among projects for the upcoming fiscal year.

Concurrently, staff also present a five year CIP for the City Council to review. A five year CIP provides longer term perspective on needed capital investments and is a fiscal and strategic tool to plan, fund, prioritize and monitor capital investments in the community. Staff have updated the five year CIP to cover fiscal years (FY) 2019-20 through 2023-24. The five year CIP includes the proposed capital budget for FY 2019-20, which is adopted with the FY 2019-20 operating budget, as well as planned project needs for FY 2020-21 through 2023-24. Project funding for future years of the CIP is not requested at this time, but is used as a planning tool to inform decisions. A description of each project within the CIP is provided on the City's website at <http://webgis.redwoodcity.org/community/> under City Projects, Infrastructure Projects.

## Funding

Funding for capital projects is derived from many sources, with the Utility Users Tax (UUT) being a general revenue source that can be utilized for all capital improvement projects. Other dedicated revenue sources, which are restricted to specific purposes, include park impact fees, water and sewer enterprise capital funds and various transportation funds such as Measure A and Gas Tax revenues.

As a whole, these sources are expected to contribute approximately \$157 million (M) over the next five years, with approximately \$31.7M in FY 2019-20. Only the proposed FY 2019-20 CIP budget is aligned with anticipated revenues and staff resources and will be requested for budget approval. The remaining years of the five year CIP are for planning purposes and no budget approval is requested at this time. Table 1 shows estimated revenues from available revenue sources for the next five fiscal years.

Table 1: Estimated Yearly Revenues By Fund						
Fund	2019/20	2020/21	2021/22	2022/23	2023/24	Total
357 Capital Outlay Fund (UUT)	\$9,437,559	\$9,488,635	\$9,393,749	\$9,299,811	\$9,206,813	\$46,826,567
261/277 Special Gas Tax (Senate Bill 1)	\$3,700,000	\$3,500,000	\$3,000,000	\$3,000,000	\$3,000,000	\$16,200,000
262 Transportation Fund (Measure A)	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$9,500,000
285 Traffic Mitigation Fees <sup>1</sup>	\$288,000	\$268,000	\$268,000	\$268,000	\$268,000	\$1,360,000
358 Parks Impact Fees <sup>2</sup>	\$1,250,000	\$1,250,000	\$500,000	\$500,000	\$500,000	\$4,000,000
683 Parking In-Lieu Fees <sup>3</sup>	\$138,000	\$138,000	\$138,000	\$138,000	\$138,000	\$690,000
686 Water CIP	\$7,500,000	\$7,730,000	\$7,960,000	\$8,200,000	\$8,450,000	\$39,840,000
689 Sewer CIP	\$7,500,000	\$7,500,000	\$7,500,000	\$8,500,000	\$8,500,000	\$39,500,000
<b>Total</b>	<b>\$31,713,559</b>	<b>\$31,774,635</b>	<b>\$30,659,749</b>	<b>\$31,805,811</b>	<b>\$31,962,813</b>	<b>\$157,916,567</b>

## CIP Organization

Each CIP project is assigned to a category, called functional area, to provide a framework for the many CIP project topics. A description of functional areas is provided in Table 2.

---

<sup>1</sup> Includes interest

<sup>2</sup> Includes interest

<sup>3</sup> Interest only

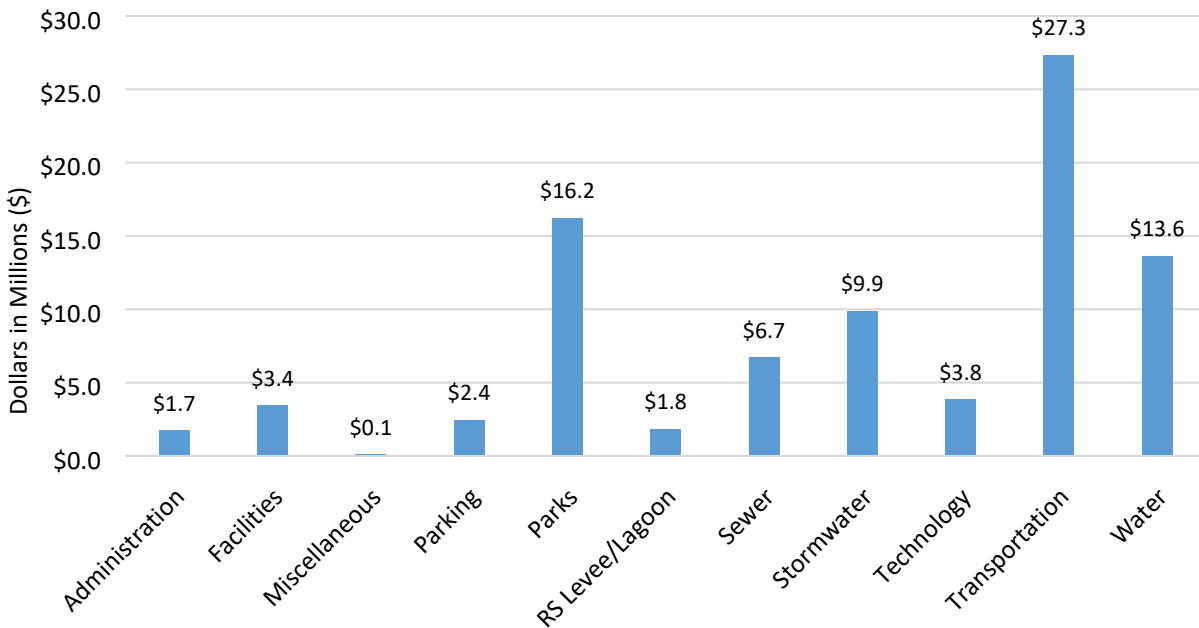
Table 2: Description of CIP Functional Areas	
Functional Area	Description
Administration	Personnel costs of administering the CIP program. A total of 28 full time equivalent positions.
Facilities	Upkeep and improvements to the City's 17 public facilities, includes 5 fire stations, 4 libraries, City Hall, a police building, and community centers.
Miscellaneous	Projects that fall outside of other functional area descriptions such as housing projects.
Parking	Citywide parking management.
Parks	Investments in the 30 plus parks throughout the city as well as park amenities such as playgrounds, tennis courts, and play fields.
Redwood Shores Levee/Lagoon	Improvements to the levees and lagoon in Redwood Shores.
Sewer	Upkeep of the City's sanitary sewer collection system, including over 200 miles of pipe and 31 pump stations.
Stormwater	Management of the City's stormwater infrastructure including 14 miles of creeks, over 100 miles of storm drain pipes, and 22 pump stations.
Technology	Projects that focus on implementation of technology to improve government operations.
Transportation	Investments to the City's transportation infrastructure including roads, sidewalks, traffic safety, traffic signals, and more. This represents the greatest funding need.
Water	Improvements to the City's potable and recycled water distribution systems including pipes, pump stations, and related infrastructure.

## ANALYSIS

### Current Year (FY 2018-19) CIP Project Status

The City Council granted \$35.7M in new CIP funding for 63 projects for FY 2018-19. Combined with the prior year's CIP project balances, the total starting CIP balance for FY 2018-19 was \$140.5M. As of the end of March 2019, total CIP expenditures including encumbrances is \$52.9M with \$87.0M remaining in project balances.

Chart 1: FY 2018-19 CIP Project Balances by Functional Area (March 2019)



Annual CIP expenditures are a function of project size, project phase, and staff resource availability. While the City Council has provided ample funding for projects over the years, the ability to execute and deliver projects in a cost effective and timely manner is also dependent on the available staff resources. Based on past history, current staff resources generally will allow us to manage an annual CIP project load of up to \$40M.

#### Proposed FY 2019-20 CIP

The proposed CIP budget for FY 2019-20 includes \$27.8M in new funding for 53 projects. The proposed project funding for FY 2019-20 is the culmination of department-wide efforts to prioritize and creatively address project needs with available funds. The process involved a department project submission period, project review and nomination for funding by an internal CIP committee, and discussions with city departments. Staff considered community feedback on capital needs provided over the course of the year in developing recommendations. Every effort was made to ensure progress on high priority projects that fulfilled the City Council's objectives and citywide capital needs. From this process, staff recommends 53 projects encompassing \$27.8M for FY 2019-20. Projects with funding requests that could not be met in FY 2019-20 have been shifted to future years.

A breakdown of proposed funding requests by functional area and fund is summarized in Chart 2 and Table 3 below.

Chart 2: Proposed Fiscal Year 2019-20 CIP Project Funding Requests by Functional Area

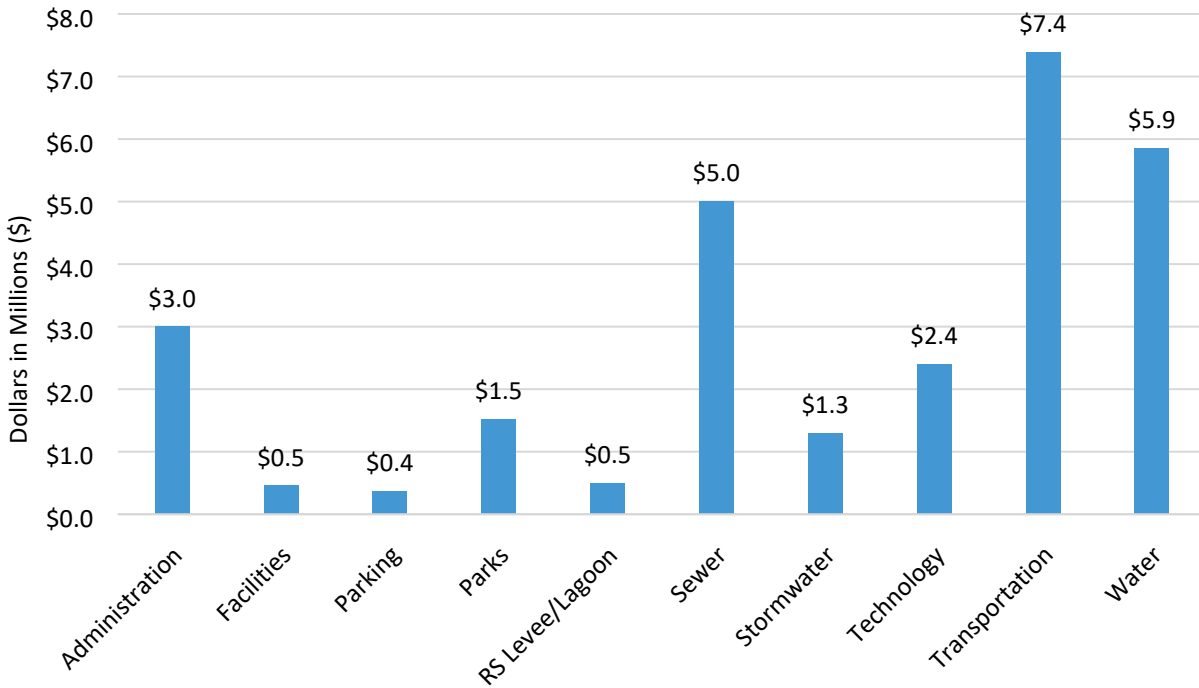


Table 3: Proposed FY 2019-20 CIP Project Funding Requests by Funding Source

Fund	FY 2019-20 Funding
262 Transportation Fund	\$1,922,107
277 Special Gas Tax (Senate Bill 1)	\$1,429,730
285 Traffic Mitigation Fees	\$200,000
357 Capital Outlay Fund (UUT)	\$10,935,263
358 Parks Impact Fees	\$700,000
681 Parking Operations	\$375,000
683 Parking In-Lieu Fees	\$150,000
686 Water	\$6,473,000
689 Sewer	\$5,621,000
<b>Total</b>	<b>\$27,806,100</b>

Select project highlights from each functional area are described below. A complete list of FY 2019-20 proposed projects is provided in Attachment A.

a. Administration

Pursuing CIP projects requires dedicated staff resources and 28 full time equivalent (FTE) positions are budgeted in the CIP for this purpose. Administration costs for the CIP are about \$3M each year.

b. Facilities

*Tenant Improvement Program*

A budget of \$200,000 is proposed for FY 2019-20 to make repairs and improvements to City-owned public facilities.

*Library Meeting Room Improvements*

The proposed \$156,000 will be utilized to upgrade the furniture and built-in technology in the meeting rooms at the Downtown Main Library and Redwood Shores Library locations.

*Dig Once Program*

The program aims to develop a policy to require utility companies to install conduit for fiber optic facilities for the City whenever utility companies install their own facilities in the city right-of-way. The plan would be developed by staff and include an assessment of existing facilities and future facility needs. Funding in the amount of \$100,000 is proposed in FY 2019-20. Funding may also be used for installation of facilities once needs have been determined.

c. Parking

*Digital Wayfinding Signage*

An additional \$200,000 from the parking operations fund is proposed to design and install digital parking signs at additional parking facilities. The project is a joint effort by the City and the Redwood City Improvement Association.

*Parking Technology*

Staff have implemented two pilot parking space monitoring projects in the downtown. Monitoring technology is beneficial because it helps visitors find parking more easily and allows staff to identify parking trends and proactively manage parking infrastructure. An amount of \$165,000 is proposed from the parking operations fund to install additional monitoring technology.

d. Parks

*Park Renovations Projects*

The proposed \$1,000,000 for FY 2019-20 will be used to renovate certain areas of the Fair Oaks Community Center, recoat the Hoover Tot play surface area, update irrigation controllers at various locations to improve watering efficiency, and continue progress on the Magical Bridge Playground renovation.

*Park Amenity Improvements*

Project funding goes towards small infrastructure fixes between major park renovations. In FY 2019-20, \$250,000 is proposed to upgrade aging play equipment.

### *Public Art*

The City's 1% for Art Ordinance, which dedicates 1% of the annual CIP budget to public art, will fund \$75,000 in FY 2019-20 for ongoing public art programs led by the Parks, Recreation, and Community Services Department.

### *Tennis Court Improvement Program*

The project funds ongoing improvements to tennis court surfaces throughout Redwood City. In FY 2019-20, \$100,000 is proposed for project allocation.

#### e. Redwood Shores Levee/Lagoon

### *Levee Federal Emergency Management Agency (FEMA) Compliance Start Up*

The project plans to improve existing levees in Redwood Shores to maintain FEMA accreditation and is in the planning phase, with levee analysis and mapping work scheduled. Funding in the amount of \$500,000 is proposed for FY 2019-20.

#### f. Sewer

### *Collection System Replacement Program*

This ongoing program supports the systematic repair and rehabilitation of sewer main lines in Redwood City. In FY 2019-20, staff propose funding \$2,500,000 to continue design and construction work on sewer pipeline improvements.

### *Sewer Pump Station Rehabilitation Program*

The project funds ongoing rehabilitation of the 31 sewer pump stations in Redwood City. Pump stations 18 and 20 will undergo rehabilitation in 2019 and funding in the amount of \$1,050,000 is proposed for FY 2019-20.

#### g. Stormwater

### *Bayfront Canal and Cordilleras Creek Maintenance*

The Bayfront Canal and Cordilleras Creek are major tributaries that collect stormwater flows from Redwood City and other surrounding communities for conveyance to the San Francisco Bay. The two waterways need regular annual maintenance to maintain flow capacity and a budget of \$100,000 is proposed for FY 2019-20.

### *Bayfront Watershed Management and Habitat Restoration*

The project is a combined effort by the City, County of San Mateo, City of Menlo Park, and Town of Atherton to provide watershed evaluation and design improvements to reduce flooding on the Bayfront Canal and Atherton Channel. The project is currently undergoing watershed planning and design and has a balance of \$4.9M.

### *Bradford Creek Revetment Project*

The project proposes to install natural landscaping along the Redwood Creek near the bridge on Main Street to maintain the creek slope. The project will coincide with other creekside trail improvements installed by the neighboring development project. Funding in the amount of \$300,000 is proposed for FY 2019-20.

### *Green Infrastructure*

A budget of \$200,000 is proposed for FY 2019-20 to fund a green infrastructure (GI) pilot project focused on identifying problematic drainage areas and constructing green infrastructure improvements to capture and use stormwater. Funds will also be used to meet GI requirements in the National Pollution Discharge Elimination System permit which regulates discharges from the City's storm system.

### *Storm Drain Creeks and Channels*

The project involves repair, rehabilitation, and replacement of concrete lined sections of Redwood Creek and its tributary branches. Funding in the amount of \$700,000 is proposed for FY 2019-20 for ongoing design along the Redwood Branch section.

#### h. Technology

### *Finance and Human Resources Software*

Staff is in the process of replacing the City's existing finance, human resources, payroll, utility billing, business license, and budget system with a new web-based system. Additional funding in the amounts of \$375,296 from the UUT and \$617,000 each from the water and sewer capital funds is proposed in FY 2019-20.

### *Library Automation Replacements*

The ten self-checkout machines in use at all four library locations were purchased in 2011 and are nearing end of life. The installation of these machines increased efficiency by using automation to allow library circulation to grow significantly without adding staff, and sustaining this efficiency requires periodic equipment upgrades. Funds in the amount of \$130,000 are proposed in FY 2019-20 to begin phased replacement of the machines.

#### i. Transportation

### *101/84 Highway Interchange*

The project involves reconstruction of the existing US 101 – Woodside Road interchange to ease congestion, increase safety, and improve access for pedestrians and cyclists across Woodside Road and US 101. The project is at 65% designed, with completion of the design anticipated by the end of 2019. No additional funds are requested for FY 2019-20 but staff estimate a funding need of \$25.5 million in future years.

### *Roadway Pavement Management Program*

The Roadway Management Program addresses ongoing roadway pavement repair and replacement needs. Each year, streets are prepared for resurfacing with crack sealing and spot repairs before being



resurfaced with an “overlay,” “cape seal,” or “slurry seal”. An additional \$4,150,000 is proposed from multiple funding sources for this program in FY 2019-20.

#### *Stanford Neighborhood Street Enhancement*

As part of their development agreement, Stanford University committed funding to improve liveability and increase safety in three neighborhoods surrounding the new Stanford in Redwood City campus. A community process was completed to identify and prioritize desired improvements for Phase 1 implementation and design is 90% complete. Construction is planned for summer of 2019 and \$450,000 is proposed from the CIP towards this project in FY 2019-20.

#### *Hopkins Traffic Calming*

A conceptual design for the Hopkins Avenue Traffic Safety Project was developed through a year-long community process and approved by the City Council in April 2018. Staff plan to award the pilot construction contract in April 2019, and additional funding in the amount of \$350,000 is proposed for FY 2019-20.

#### *Transportation Demand Association*

The project aims to study, design, adopt and implement a Transportation Management Association for downtown Redwood City. The project will be developed in coordination with the Citywide Transportation Plan and will include outreach to the downtown business community. Funding in the amount of \$150,000 is proposed for FY 2019-20.

#### *Whipple Grade Separation*

The project will physically separate the railroad tracks at Whipple Avenue from vehicular, bicycle, and pedestrian roadway users by changing the grade of the railroad tracks or the affected roadways. Funding in the amount of \$75,000 is proposed for FY 2019-20.

### j. Water

#### *Distribution System Replacement Program*

Additional funds in the amount of \$5,300,000 is proposed in FY 2019-20 to fund ongoing replacement of water main pipes throughout the city. Under this program, an average of 15 miles of pipe is replaced each year.

#### *Recycled Water Distribution Pump Station Improvements*

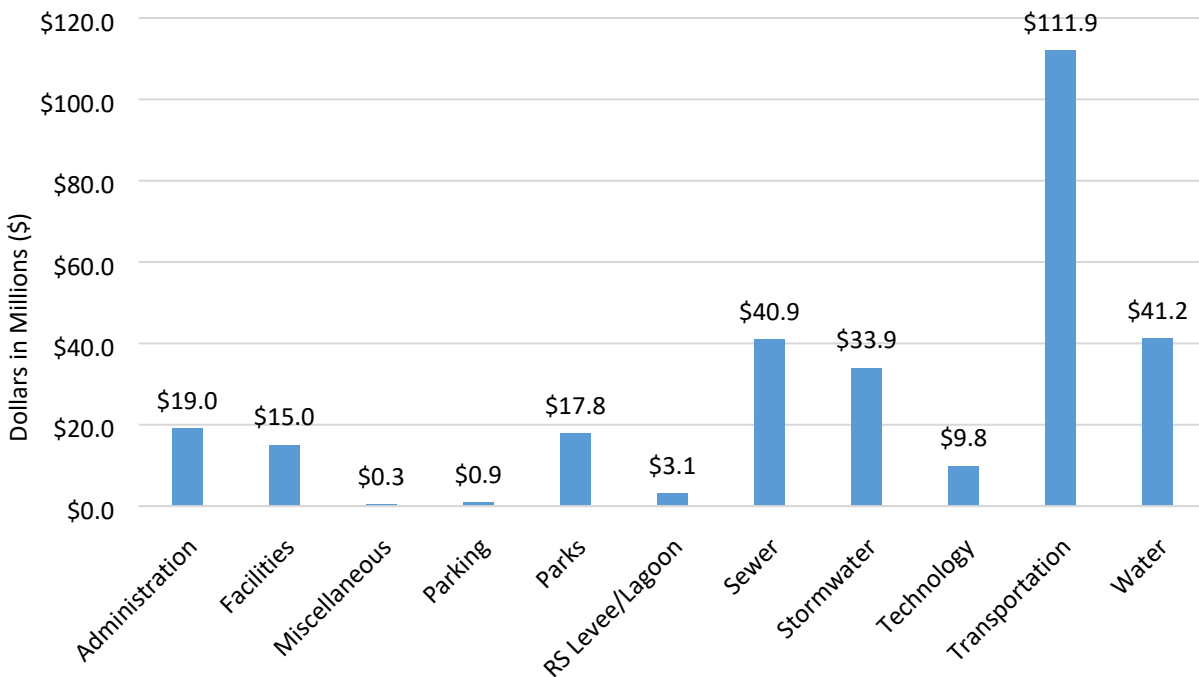
The recycled water pump station located in Redwood Shores is the engine that drives recycled water distribution from the wastewater treatment plant to customers in Redwood Shores and the main city. The project proposes to replace existing pump station hardware, extend a potable water backup supply to the pump station, and construct an enclosure around the distribution area to prevent contaminants from entering recycled water during production. In FY 2019-20, \$150,000 is proposed from the water enterprise capital fund for this project.

Proposed Five Year CIP (FY 2019-20 to 2023-24)

The proposed five year CIP identifies a list of 102 projects with an estimated total cost of \$293.7M. These projects provide a blueprint for anticipated future project needs and assists staff with strategic planning discussions. A summary of the five year CIP by functional area is provided in Table 4 and Chart 3 below.

<b>Table 4: Proposed Five Year CIP Funding Request Summary by Functional Area</b>							
<b>Functional Area</b>	<b># of Projects</b>	<b>FY2019-20</b>	<b>FY2020-21</b>	<b>FY2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>Total</b>
Administration	1	\$3,000,000	\$3,723,275	\$3,909,439	\$4,104,911	\$4,310,156	<b>\$19,047,781</b>
Facilities	5	\$456,000	\$5,725,000	\$5,650,000	\$2,575,000	\$600,000	<b>\$15,006,000</b>
Miscellaneous	2		\$60,000	\$60,000		\$205,000	<b>\$325,000</b>
Parking	3	\$375,000	\$175,000	\$310,000	\$10,000	\$10,000	<b>\$880,000</b>
Parks	22	\$1,525,000	\$8,650,000	\$3,150,000	\$2,300,000	\$2,200,000	<b>\$17,825,000</b>
Redwood Shores Levee/Lagoon	2	\$500,000	\$50,000	\$2,000,000	\$250,000	\$250,000	<b>\$3,050,000</b>
Sewer	9	\$5,004,000	\$9,480,000	\$8,480,000	\$8,980,000	\$8,980,000	<b>\$40,924,000</b>
Stormwater	7	\$1,300,000	\$10,200,000	\$9,300,000	\$5,950,000	\$7,100,000	<b>\$33,850,000</b>
Technology	12	\$2,400,263	\$2,308,028	\$1,648,822	\$1,652,124	\$1,745,835	<b>\$9,755,072</b>
Transportation	28	\$7,389,837	\$49,067,837	\$33,980,000	\$18,390,000	\$3,100,000	<b>\$111,927,674</b>
Water	11	\$5,856,000	\$7,800,000	\$9,100,000	\$8,700,000	\$9,700,000	<b>\$41,156,000</b>
<b>Total</b>	<b>102</b>	<b>\$27,806,100</b>	<b>\$97,239,140</b>	<b>\$77,588,261</b>	<b>\$52,912,035</b>	<b>\$38,200,991</b>	<b>\$293,746,527</b>

Chart 3: Proposed Five Year CIP Total Funding Requests by Functional Area



Infrastructure and capital improvement needs consistently outpace anticipated revenues for each year of the five year CIP. In an effort to bridge this gap, staff have focused on:

- Researching other potential funding options;
- Applying for grants, state and federal funding;
- Establishing partnerships with other agencies or organizations; and
- Continuously evaluating and refining existing and future CIP projects.

Although transportation projects occupy the bulk of annual CIP funding needs, staff continue to leverage funding from grants and other sources in addition to the UUT to increase available revenues. Similarly, water and sewer infrastructure projects receive their funding from dedicated water and sewer rate revenues which the City Council has proactively aligned with anticipated needs. However, there is still a large subset of projects dependent upon shared UUT funding and staff will continue to explore new funding mechanisms and opportunities. A complete list of proposed projects in the five year CIP is included as Attachment B.

Requested City Council Direction

The City Council’s direction is requested on the following:

1. Do projects identified in the proposed FY 2019-20 CIP and five year CIP reflect the City Council’s priorities?
2. Are there projects that the City Council would like to remove from the CIP in order to include new projects?

## **FISCAL IMPACT**

The proposed FY 2019-20 project request of \$27.8M balances proposed project funding requests with anticipated revenue and staff capacity. This amount will be requested for approval with the FY 2019-20 budget. The remaining four years of the five year CIP are for planning purposes and no budget approval is requested at this time.

## **ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

## **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

## **ALTERNATIVES**

The City Council may direct staff to include or exclude specific projects in the proposed FY 2019-20 and five year CIP.

## **ATTACHMENTS**

Attachment A: FY 2019-20 Proposed Funding for CIP Projects, by Functional Area

Attachment B: Proposed Five Year CIP Projects, FY 2019-20 to 2023-24

## **REPORT PREPARED BY:**

Robin Kim, Management Analyst  
rkim@redwoodcity.org  
(650) 780-7477

## **APPROVED BY:**

Terence Kyaw, Public Works Director  
Melissa Stevenson Diaz, City Manager