

TO: Andrew P. Powers, City Manager
FROM: Jaime Boscarino, Finance Director
DATE: April 2, 2019
SUBJECT: Proposed FY 2019-20 and FY 2020-21 Capital Improvement Program Budget Study Session

RECOMMENDATION:

1. Receive information on Proposed FY 2019-20 and FY 2020-21 Capital Improvement Program (CIP) budget.
2. Schedule a public hearing for June 11, 2019 City Council meeting.

FINANCIAL IMPACT:

Financial Impact to Be Determined. Financial impact of the Proposed FY 2019-20 and FY 2020-21 CIP Budget is \$46,801,112 and \$50,337,445, respectively. This is a study session only. City Council will be requested to adopt the FY 2019-20 and FY 2020-21 CIP Budget at its June 11, 2019 public hearing.

BACKGROUND:

The purpose of this study session is to provide City Council with an overview of the Proposed FY 2019-20 and FY 2020-21 CIP Budget, as well as the five-year CIP Plan. The five-year CIP plan is an essential part of the overall CIP Budget document in order to strategically plan for the community's long-term capital improvement needs. The Proposed FY 2019-20 and FY 2020-21 CIP Budget is provided under separate cover and available for review in the City Manager's Office Reading Area, the City Clerk Department, and at www.toaks.org/cipbudget).

The FY 2019-20 and FY 2020-21 CIP Budget process began in November 2018 at the staff level. Finance staff has been diligently working with all departments on the CIP Budget since then, refining project requests to ensure projects are financially feasible and adequately represent the most needed capital improvements over the upcoming two fiscal years.

City Council Top Ten Priorities:

City Council discussed and agreed upon their Top Ten Priorities (Priorities) for FY 2019-20 at their City Council Goal Setting Meeting held on March 19, 2019. The Goal Setting Meeting was held earlier this year so that staff could ensure that CIP projects are incorporated into the Proposed FY 2019-2021 CIP Budget as applicable to set aside funding for various projects. Projects will be discussed in greater detail in the Discussion/Analysis section in the report, but it is important to note that this Proposed FY 2019-2021 CIP Budget does include a wide range of projects that encompass various Priorities related to completing the Campus Master Plan (CI5540), promoting environmental sustainability efforts, and investing in public infrastructure projects. Fiscal sustainability is central throughout the CIP planning and development process.

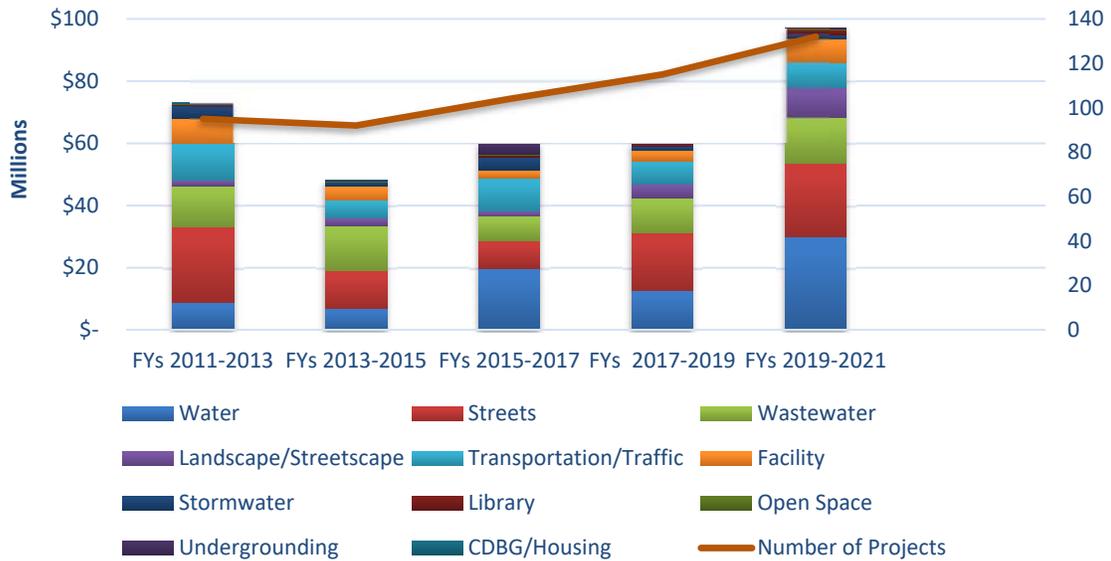
Historical CIP Budget Comparison:

The Proposed FY 2019-20 and FY 2020-21 CIP Budget reflects an increase of \$37.3 million, or 62.4 percent, compared to FY 2017-18 and FY 2018-19 as shown in the chart below and the graph on the following page. Although this appears to be a large increase, the majority of the increase in the Water Category is due to the Los Robles Greens Golf Course Groundwater Utilization Project (CI5395, pg. 150) in the amount of \$15,800,000 of which staff is anticipating \$6,000,000 in grant funding. In addition, the majority of the increase in the Landscape/Streetscape Category is due to the addition of the Street Light Acquisition Project (CI5566, pg. 31) in the amount of \$6,650,000. The majority of the increase in the Facility Category is due to the Solar Canopies at Municipal Service Center Project (CI5372, pg. 12) in the amount of \$1,900,000 of which \$1,469,400 is funded by grants and the Civic Arts Plaza Campus Masterplan and Improvements Project (CI5540, pg. 20) in the amount of \$1,000,000 for the initial design costs related to the project.

Ten-Year CIP Budget History

Category	#		#		#		#			
	Proj	FYs 2011-2013	Proj	FYs 2013-2015	Proj	FYs 2015-2017	Proj	FYs 2017-2019		
1. Water	11	8,960,000	21	6,785,000	20	19,662,947	26	12,800,000	25	30,110,000
2. Streets	15	\$ 24,303,452	9	\$ 12,234,000	16	\$ 8,990,194	14	\$ 18,326,300	17	\$ 23,568,505
3. Wastewater	17	13,055,000	12	14,387,000	16	7,859,659	18	11,255,000	21	14,740,000
4. Landscape/Streetscape	2	1,866,000	3	2,600,000	2	1,600,000	5	4,570,000	7	9,515,000
5. Transportation/Traffic	22	11,678,000	23	5,698,088	23	10,692,500	23	7,418,000	29	8,081,495
6. Facility	17	8,200,000	14	4,512,000	15	2,495,000	18	3,270,000	16	7,406,900
7. Stormwater	6	3,925,000	3	1,156,842	6	4,220,000	5	1,250,000	7	1,541,657
8. Library	3	615,000	3	205,000	3	780,000	4	700,000	7	1,395,000
9. Open Space	1	120,000	1	140,000	1	140,000	1	140,000	2	540,000
10. Undergrounding	0	-	2	337,700	2	3,335,000	1	90,000	1	240,000
11. CDBG/Housing	1	\$ 275,000	1	\$ 212,168	0	\$ -	0	\$ -	0	\$ -
Total	95	\$ 72,997,452	92	\$ 48,267,798	104	\$ 59,775,300	115	\$ 59,819,300	132	\$ 97,138,557
Percentage change		-30.8%		-33.9%		23.8%		0.1%		62.4%

Ten-Year CIP Budget History



Capital Facilities Committee:

Staff presented the Proposed FY 2019-20 and FY 2020-21 CIP Budget to the City Council Capital Facilities Committee on April 1, 2019 to receive input on projects. The Planning Commission reviewed the CIP Budget for General Plan Consistency at its April 1, 2019 meeting.

DISCUSSION/ANALYSIS:

The CIP Budget provides detailed information for each capital improvement project proposed in FY 2019-20 and FY 2020-21, as well as summary information for the projects staff anticipates undertaking through FY 2021-24 (Five-Year Plan). Since many capital improvement projects take more than two fiscal years to design and construct, developing a five-year plan allows City Council to better forecast and anticipate upcoming citywide capital improvements. As the City’s infrastructure continues to age, a Five-Year Plan also helps identify long-term maintenance and asset management funding requirements.

The CIP Budget is organized into four main sections: 1) Summaries, 2) Deferred Requirements, 3) CIP Projects by Category, and 4) CIP Projects by Fund. Below is further detail on what is included in each section.

Summaries Section: This section provides charts and tables which illustrate:

- Five-Year Summary of CIP Projects by Category
- Overview of CIP Projects for FY 2019-20
- Overview of CIP Projects for FY 2020-21
- Five-Year Summary of CIP by Fund
- Five-Year Project Revenue Summary by Fund
- Deferred Requirements Summary

This summary illustrates the estimated funding gap, or deferred requirement, based on the amount required to maintain street and sidewalk infrastructure and the anticipated funding available. Projects that have deferred requirements will be highlighted in this portion of the document.

CIP Projects by Category Section: This section consists of the ten categories, separated by individual tabs. Within each tab are separate pages for each CIP project for FY 2019-20 and FY 2020-21. Separate pages are not provided for projects planned to begin in FY 2021-22, FY 2022-23, or FY 2023-24 and instead summary information is provided at the beginning of each category.

Included on each project page of particular importance is the following:

- “Expended” Column - provides the history of the actual amount spent to date on a project. This will be updated in the CIP Budget for the Public Hearing.
- “Carryover” Column - provides a better disclosure of commitments and/or restrictions to available fund balance. Additionally, the use of this “Carryover” column provides City Council with a formal method to “reauthorize” appropriation authority for all carryovers of unfinished capital projects.
- CIP Project Priorities - City Council established a three-tier priority ranking system to provide guidance for prioritizing capital projects in February 2009. The definition of Priority One was updated by City Council at the April 14, 2015 City Council meeting to include projects directly related to City Council Priorities. The following rankings are used in the CIP Budget and also in staff reports to City Council for capital improvement projects:

Priority One – Addresses Health & Safety, legal and regulatory requirements, or a top City Council Priority

The project is needed to address an imperative public or City of Thousand Oaks employee health, safety, or welfare issue. A project that eliminates or reduces obvious hazards or threats to public health and safety.

A project that is required by Federal or State statute, court order, or regulation, or a project that moves the City into further compliance with such mandates or a project that addresses a previous legal judgement (e.g., State mandates).

A project directly related to the current City Council Priorities.

Priority Two – Necessary, but not essential, and there could be consequences, if deferred

A project that lowers operating expenditures or that increases productivity. A project that rehabilitates infrastructure to improve its use or lower its annual maintenance cost.

A project that improves service quality or provides for higher standards of service and needs to be completed within a certain time frame.

Priority Three – Nice to do and would contribute to quality of life, but not essential

A project that improves service quality or provides for higher standards of service, but has no associated time constraints for implementation.

A project that contributes to the implementation of the community's vision regarding quality of life. A project that is low in priority due to competing resources (e.g., internal or financial capacity).

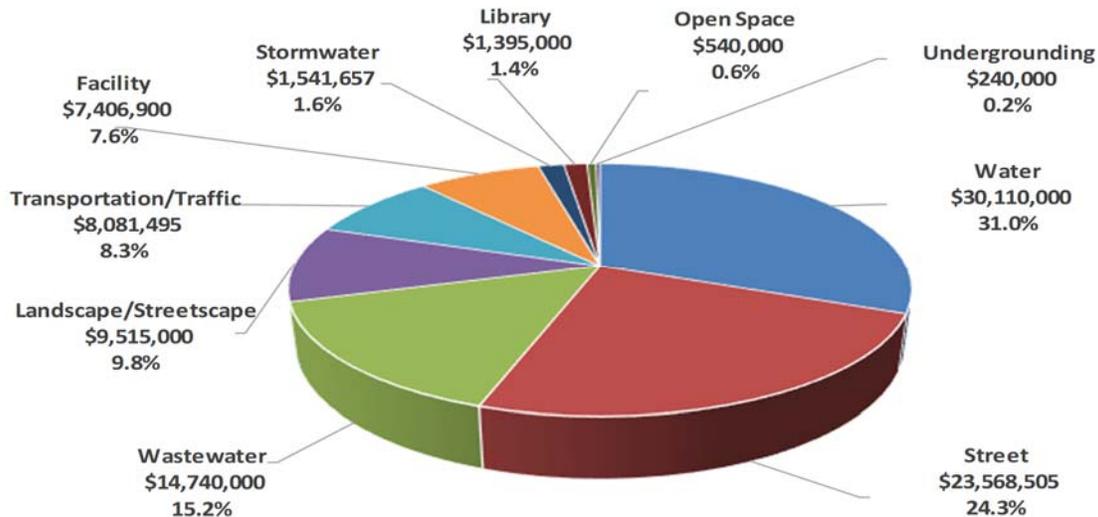
CIP Projects by Fund Section: This section provides an overview of all projects by fund and subdivided by category. This portion illustrates how much each fund will spend on capital improvement projects, as well as the overall impact of proposed capital projects on each fund's available balance.

Overview of Proposed FY 2019-20 and FY 2020-21 CIP Budget

The Proposed FY 2019-20 and FY 2020-21 CIP Budget is presented in the table and graph on the following page, with a total budget of \$97,138,557. Also, included in the table is the estimated amount of FY 2018-19 budgets that will be carried over to FY 2019-20 in the amount of \$46,979,489. For a listing of projects by number or name, refer to the Proposed CIP Budget book starting on pages 206 and 211, respectively.

Proposed FYs 2019-2021 CIP Budget				
Category	Carryover	FY 2019-20	FY 2020-21	2-Year Total
1. Water	\$ 10,600,000	\$ 11,545,000	\$ 18,565,000	\$ 30,110,000
2. Streets	2,409,461	12,928,505	10,640,000	23,568,505
3. Wastewater	5,937,100	9,460,000	5,280,000	14,740,000
4. Landscape/ Streetscape	2,975,000	3,415,000	6,100,000	9,515,000
5. Transportation/Traffic	8,165,132	2,645,000	5,436,495	8,081,495
6. Facility	13,714,096	4,640,950	2,765,950	7,406,900
7. Stormwater	-	1,091,657	450,000	1,541,657
8. Library	-	470,000	925,000	1,395,000
9. Open Space	2,851,000	445,000	95,000	540,000
10. Undergrounding	327,700	160,000	80,000	240,000
TOTAL	\$ 46,979,489	\$ 46,801,112	\$ 50,337,445	\$ 97,138,557

Projects by Category FY 2019-20 & FY 2020-21, \$97.1M



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The top ten highest total budgeted proposed capital improvement projects are presented below. Individual projects will be discussed in greater detail further on in this report.

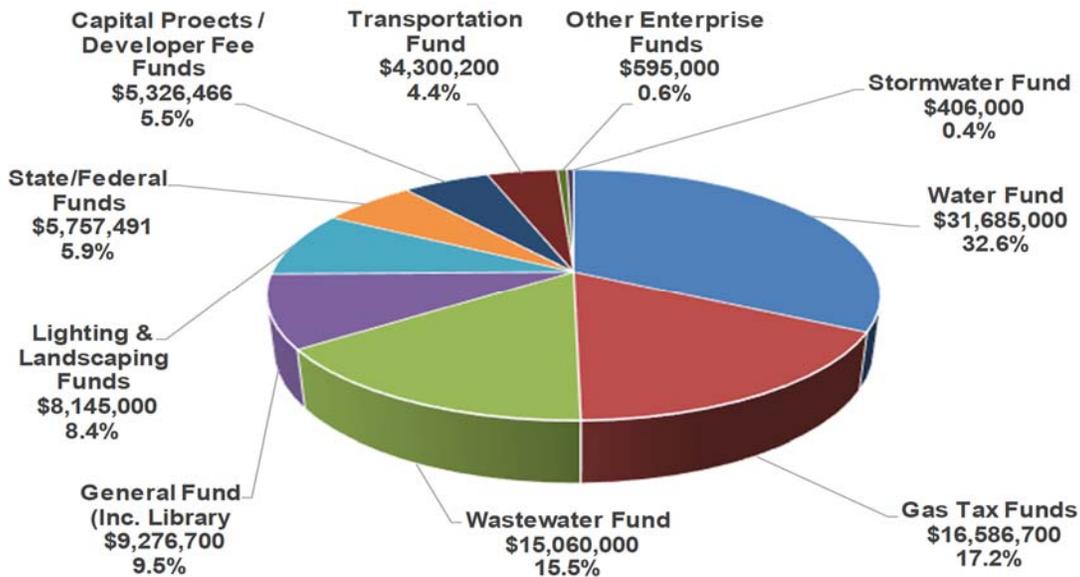
Project #	Project Name	Category	FY 2019-2021		
			Carryover	Budget	Total Budget
1. CI5395	LRGC Groundwater Utilization	Water	\$ 800,000	\$ 15,800,000	\$ 16,600,000
2. CI5503	Pavement Overlay FY 2019-21	Street	-	10,900,000	10,900,000
3. CI8082	La Granada Pump Station	Water	3,400,000	1,650,000	5,050,000
4. CI5492	Willow Lane Improvements	Street	55,831	4,575,000	4,630,831
5. CI5566	Street Light Acquisition	Lndscp/Street	-	4,450,000	4,450,000
6. CI5330	Improv to Newbury Rd Project Area	Transp/Traffic	4,098,000	-	4,098,000
7. CI5086	Civic Arts Plaza Mechanical Upgrade	Facility	4,040,000	-	4,040,000
8. CI5391	TO Blvd Streetscape Improv	Lndscp/Street	1,500,000	1,600,000	3,100,000
9. CI5328	Interceptor CIP Phase V - Unit Y2	Wastewater	2,400,000	600,000	3,000,000
10. CI4091	Teen & Adult Centers Enhancements	Facility	3,000,000	-	3,000,000

Project Funding for Proposed FY 2019-20 and FY 2020-21 CIP Budget

In development of the Proposed FY 2019-20 and FY 2020-21 CIP Budget, staff analyzed the available funding sources and potential grants to support a project request. For any one project, the City may use multiple funding sources. Funding sources have various constraints, for example water capital revenue can only be used for water system projects. The General Fund is the only discretionary fund in which the revenue can be used for any capital improvement project. This is illustrated in the “CIP Projects by Fund” section.

The proposed appropriations by funding source for the Proposed FY 2019-20 and FY 2020-21 CIP Budget are as follows below:

FY 2019-20 & FY 2020-21 CIP Funding Sources, 97.1M



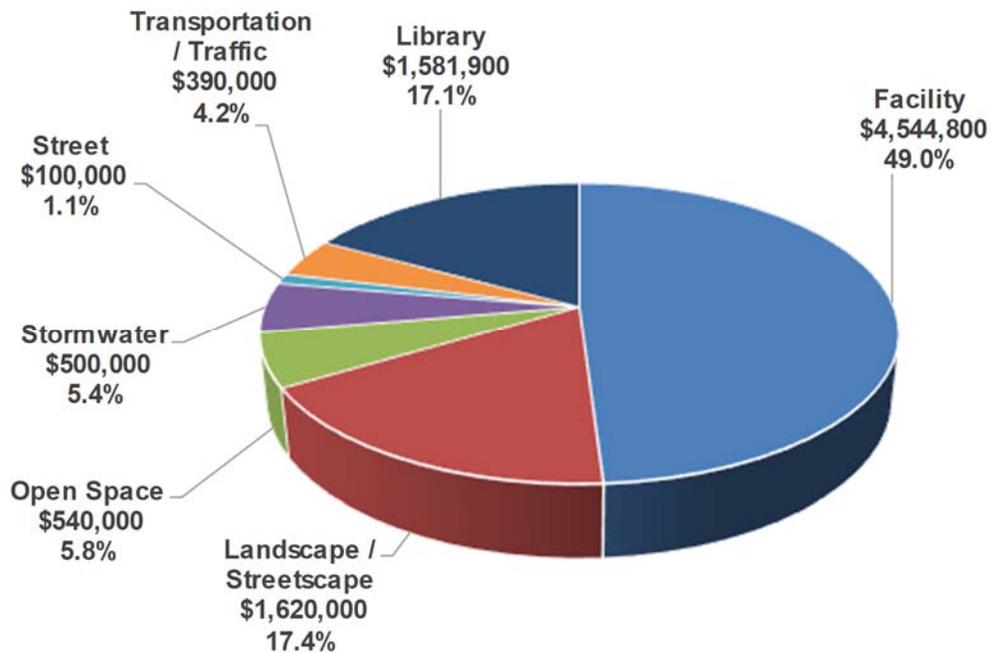
Following are the highlights of significant projects by major funding source for the CIP Budget:

General Fund (including Library Fund): The General Fund is the City's primary operating fund and provides City Council with the most discretion in allocating resources. Capital projects are funded with General Fund reserves and the majority of projects are related to the improvement and maintenance of City-owned facilities. Staff prepares a 15-year facility maintenance plan to strategically plan for future replacement and maintenance of aging City facilities. The City owns 18 facilities requiring ongoing improvement, maintenance, and major renovations and upgrades.

In addition to facility maintenance projects, the General Fund also funds various other significant projects, including those related to City Council Goals and Priorities that do not have identified funding sources such as enterprise funding, such as the Thousand Oaks Boulevard Streetscape Improvements Project (CI5391). The General Fund will also support all capital and maintenance projects at the City's Libraries.

The Proposed FY 2019-20 and FY 2020-21 CIP Budget in the General Fund and Library Fund is \$9,276,700, as shown in the graph below:

FY 2019-20 & FY 2020-21 General Fund (Incl. Library), \$9.3M



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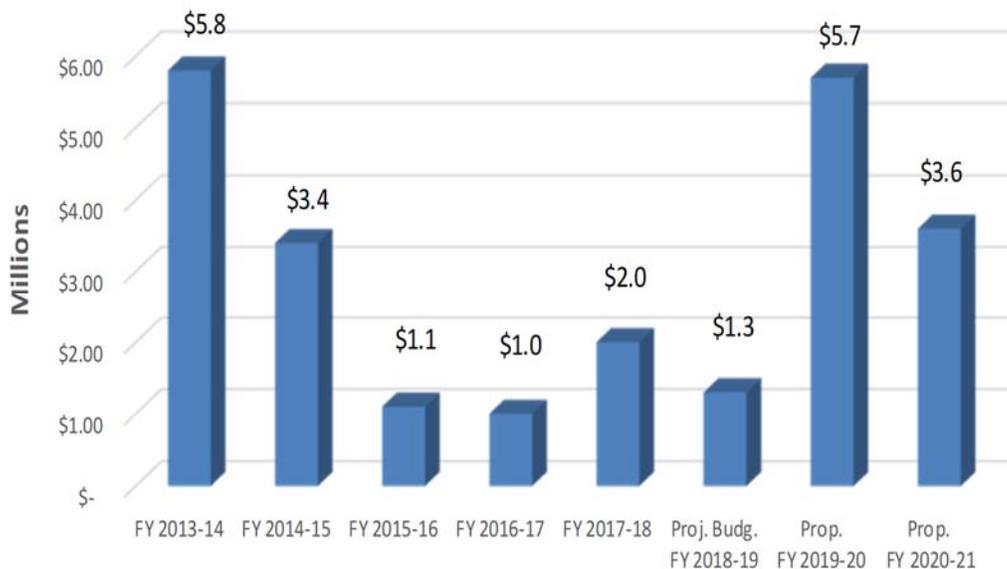
A highlight of some notable General Fund supported capital projects in the Proposed FY 2019-20 and FY 2020-21 CIP Budget, including Carryovers are:

- Civic Arts Plaza Campus Masterplan & Improvements (CI5540, pg. 20) - \$1,000,000 plus \$1,500,000 carryover, 5-Year CIP Plan total of \$6,500,000. This project is one of City Council's Top Priorities for FY 2019-20 and developed as a recommendation of the Downtown Master Plan. The scope of the project includes re-examining the uses and activities at the Civic Arts Plaza (CAP) to create a more cohesive visitor connection to the CAP and surrounding areas, developing options to create a new town square for public activities, and making modifications as needed to the building and existing site to encourage an active downtown area surrounding the Civic Arts Plaza.
- Civic Arts Plaza Mechanical Upgrade (CI5086, pg. 9) - \$4,040,000 carryover. This project is estimated to begin construction soon and will upgrade and replace the 24-year old heating, ventilating, and air-conditioning equipment throughout the Civic Arts Plaza, utilizing energy efficient equipment.
- Teen Center/Goebel Center Enhancements (CI4091, pg. 8) - \$3,000,000 carryover. This project was redesigned from the original Teen Center gym expansion through extensive outreach with teen and adult community center users. The new design will allow for effective utilization of the outdoor space at the Teen Center which is currently undeveloped. The project will also upgrade various interior spaces at both the Teen and Adult Community Centers and lead to better utilization of space.
- Kavli Auditorium Upgrades (MI2088, pg. 27) - \$2,288,000 carryover and an additional \$300,000 carryover in the Theatres Fund. This project will occur during August and September and will renovate the 24-year old auditorium, including paint, energy efficient lighting, re-upholstery of the seating, and renovation of the backstage green rooms.
- Thousand Oaks Blvd. (Ph 1) Streetscape (CI5391, pg. 29) - \$1,500,000 plus \$600,000 carryover. This project evolved from the adopted Thousand Oaks Boulevard Specific Plan and is one of City Council's Top Priorities for FY 2019-20. This project will enhance pedestrian nodes, improve sidewalk curb extensions and pedestrian crossings, and utilize landscaped features in the Downtown corridor. Potholing was just completed on Thousand Oaks Boulevard and design is in progress.

- Sustainability Projects related to City Council’s Top Priority – Various projects are included to achieve greater environmental sustainability, including Solar Canopies at the Municipal Service Center (CI5265, pg. 12) and Electric Vehicle Charging Stations (CI5569, page 26), which are both multi-funded projects and include some level of grant funding.

The table below shows the six-year history of General Fund and Library Fund capital expenditures. FY 2013-14 is primarily due to the Erbes Road Utility Undergrounding Improvements and Kavli Lobby Renovation projects and FY 2014-15 is primarily due to the Erbes Road Utility Undergrounding Improvements. With major projects such as the Campus Master Plan, CAP Mechanical Upgrades, and Kavli Auditorium Upgrades currently in design or construction phases, it is anticipated that General Fund capital expenditures will be greater than the historical average, which is \$2.4 million in expenditures over the past six years, as highlighted in the chart below. General Fund reserves are sufficient to support the proposed level of funding.

Six-Year History of General Fund & Library Fund Capital Expenditures

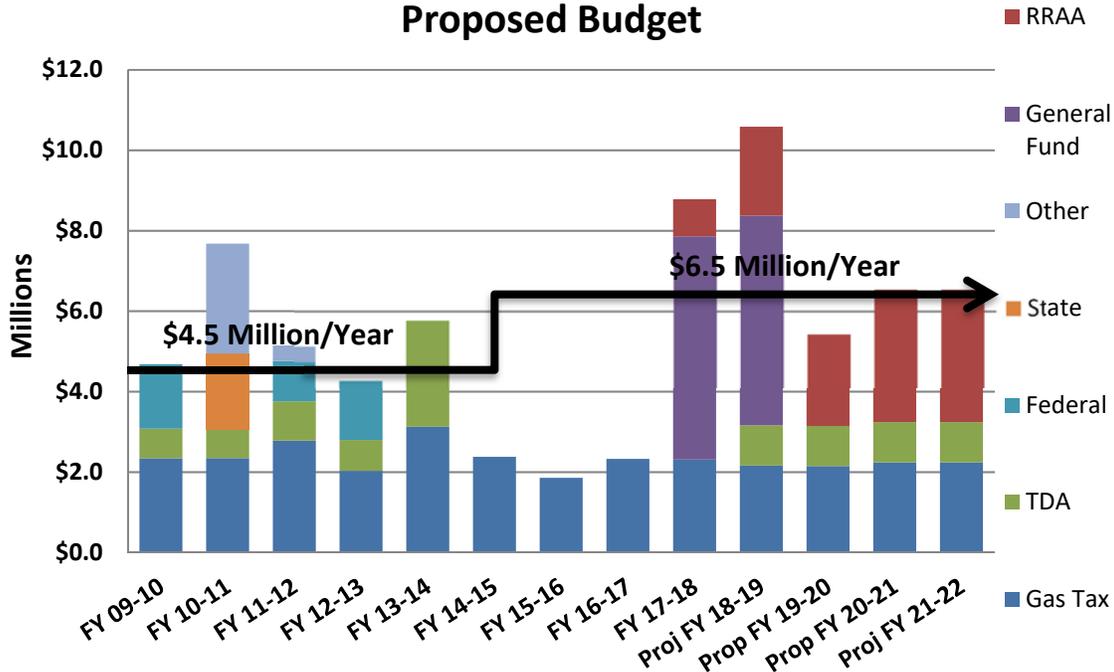


Street Improvement Funds: Historically, the City has relied on several funding sources for street infrastructure projects, including: Gas Tax, Transportation Development Act (TDA) funds, Federal and State grants, Redevelopment Agency (RDA) funds, and Verizon FTTP revenue sources. The State eliminated RDA funding in 2012 and Verizon’s FTTP project funding was fully expended. With the passage of SB 716, the City has been unable to use TDA funds toward street-related purposes since July 2014. The elimination of these revenue sources presents an ongoing challenge to fund citywide street infrastructure improvements. Per the City’s 2014 Pavement Management Program, which is currently in the

process of being updated, in order to maintain existing pavement conditions, the City should be funding pavement rehabilitation at an annual amount of \$6.5 million. As of FY 2018-19, the deferred maintenance amount totals \$18.6 million. With the elimination of major revenue sources as mentioned previously, and in an effort to not defer any additional street maintenance, City Council approved a one-time General Fund Transfer of \$5.6 million in FY 2017-18 and \$5.2 million in FY 2018-19 to cover the 2018 Pavement Program and to assist in completing the largest pavement overlay and slurry project to date, touching over 50 miles of City streets.

The graph below shows the ten-year gas tax/street-related revenue history, projections through FY 2020-21, and required street improvement funding needs to maintain streets and roads in the current condition. In FY 2016-17 the State passed SB 1, the Road Repair and Accountability Act (RRAA), an investment of \$54.0 billion over the next decade to repair streets, roads, freeways, and bridges through an increase of the gas tax and other various taxes/fees. This is projected to bring revenue of \$2.2 million to the City in FY 2019-20 and \$3.3 million in FY 2020-21. In addition, California State Assemblymember Jacqui Irwin sponsored legislation last year to allow the City to utilize TDA funds for streets and roads after meeting transit needs. This amounted to \$1.0 million in FY 2018-19 and is estimated at approximately \$1.0 million annually over the next two fiscal years.

10-Year Gas Tax/Streets Revenue History and Proposed Budget



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As you can see from the chart on the previous page, the addition of RRAA funding and the renewal of TDA funding for streets and roads, is projected to match the current required street maintenance needs of \$6.5 million. The 2014 Pavement Management Program is currently in the process of being updated and staff anticipates the amount will increase due to higher construction costs and inflation. Thus, it is anticipated for the next biennial budget process there will once again be a shortfall in street maintenance funding.

The Proposed FY 2019-20 and FY 2020-21 CIP Budget of \$16,586,700 for Street Improvement Funds includes adequate funding required to maintain street and sidewalk infrastructure per the 2014 Pavement Management Program of \$6.5 million annually. A highlight of the major projects are as follows:

- Pavement Overlay Program FY 2019-21 (CI5503; pg. 69) - \$10,900,000
- Pavement Slurry Program FY 2019-21 (MI2549; pg. 75) - \$2,100,000
- Willow Lane Improvements (CI5492, pg. 67) - \$1,061,700 in Street Improvement Funds, \$2,484,150 in grant funds, total project budget including carryover and other funds is \$5,260,632. This project will construct sidewalk, bike lanes, and other improvements along Willow Lane between Hampshire and Thousand Oaks Blvd and is a strategic project to provide a connection from that area to Downtown Thousand Oaks.
- Curb Ramps Citywide FY 2019-21 (CI5504, pg. 70) - \$800,000

Capital Projects/Developer Fee Funds: The Proposed FY 2019-20 and FY 2020-21 CIP Budget is \$5,326,466 for Capital Projects/Developer Fee funds. A highlight of the major projects are as follows:

- Newbury Rd. Project Area Improvements (CI5330, pg. 88) - \$4,098,000 carryover. This project is funded from RDA bond proceeds and will fund improvements in the Newbury Project Area in conjunction with the development of the parcel on Kelley Road.
- Lawrence Dr./Teller Rd. Intersection Improvements (CI5297, pg. 87) - \$1,300,000 plus \$633,000 carryover and additional grant carryover of \$160,000. This project widens the northeast corner of Lawrence Drive and Teller Road.
- Los Feliz Sidewalks Phase III (CI5426, pg. 66) - \$663,000 (Total of \$1,651,000 across all funding sources and carryover). This project will construct a sidewalk on Los Feliz Drive between Thousand Oaks Boulevard and Conejo School Road and will provide connectivity to "Downtown".

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- Willow Lane Improvements (CI5492, pg. 67) - \$629,150 plus \$55,831 carryover and additional funding from other sources for a total project budget in the amount of \$4,630,831 as previously discussed.
- Thousand Oaks Boulevard Streetscape Improvements (CI5391, pg. 29) - \$500,000. This is in addition to the General Fund portion of the project as previously discussed.

Staff has worked on the Traffic Mitigation Impact Fees Nexus Study (Study) over the past two years and will bring forward the Study and recommendations for consolidation of the various traffic impact fees into a single fee (Fund 544) to a future City Council meeting this spring.

Since the City has transitioned from growth to maintenance, it has experienced a significant decline in developer fee revenue over the past ten years. This trend is expected to continue and will no longer be a major source of revenue for funding street and transportation/traffic infrastructure projects. Capital Projects/Developer Fee Funds' revenue has decreased from a high of \$3.1 million in FY 2006-07 to \$1.4 million projected in FY 2019-20, representing a 55 percent decrease. With the possibility of several new mixed-use projects along Thousand Oaks Boulevard, there is projected to be a slight increase compared to the past several years, however developer fee revenue is still not adequate to fully fund all proposed projects included in the five-year CIP Plan.

Over the last ten years, Capital Projects/Developer Fee Funds' revenue has supported several major projects including: Erbes Road improvements, Lynn Road bike lanes, Wendy Drive/US 101 interchange, Moorpark Road repavement and sidewalk improvements, Conejo Creek bike path, and Citywide undergrounding and traffic signal equipment improvements. With the loss of RDA funds and the limited revenue available from Capital Projects/Developer Fee Funds going forward, this will continue to strain the City's ability to fund street and road-related infrastructure projects.

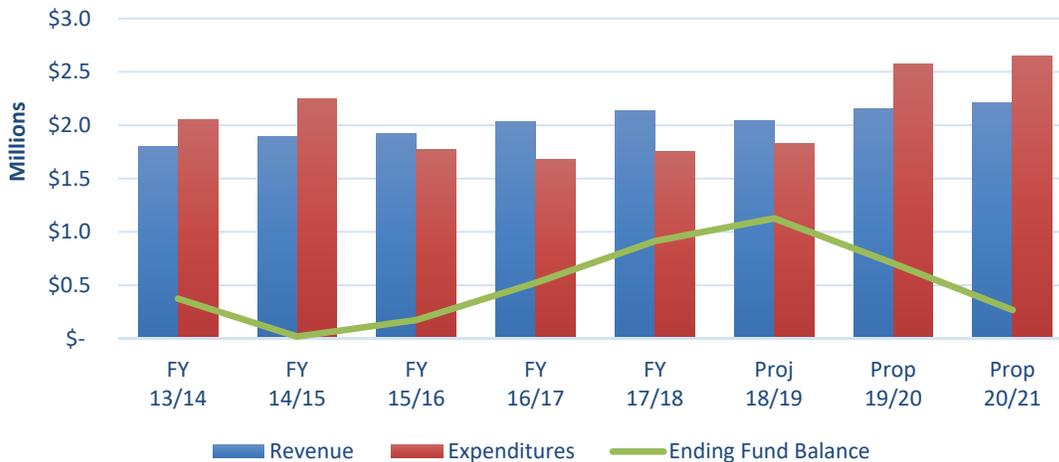
Lighting and Landscaping Funds: The Proposed FY 2019-20 and FY 2020-21 CIP Budget is \$8,145,000 for Lighting and Landscaping funds. Major projects are as follows:

- Street Light Acquisition (CI5566; pg. 31) - \$4,450,000, total of \$6,650,000. The Street Light Acquisition project is to acquire Southern California Edison owned street lights. The City will benefit from the installation of energy efficient LED lighting, as well as the potential for revenue from lease opportunities to the Lighting Fund. The payback period for the purchase of the lights is estimated to be 15 years. Although the project is budgeted in the Lighting Fund, the project will require financial support, potentially in the form of a loan from the General Fund.

- Landscaping Upgrades – Forestry Master Plan FY 2019-21 (MI2559; pg. 33) - \$1,700,000. This project will implement improvements to landscaped turf areas with drought tolerant landscaping per recommendations in the 2017 Forestry Master Plan.
- Forestry Master Plan Demo Sites (MI2545, pg. 32) - \$925,000 in Landscape Funding carryover with an additional \$500,000 General Fund carryover. This project is a citywide demonstration project that will upgrade five City medians with drought tolerant landscaping and energy efficient irrigation practices.

As part of the 2016 Fiscal Sustainability Study, the Lighting Fund was projected to require General Fund support beginning in FY 2015-16. In an effort to proactively address this challenge, several changes were made to the street lighting operations that successfully corrected the ongoing deficit in the Lighting Fund as shown in the chart below. Beginning in the Proposed FY 2019-2021 CIP Budget, traffic signal capital projects were budgeted in the Lighting Fund again based on the availability of fund balance. If the street light acquisition project is successful, this is anticipated to bring in an additional revenue source to the Lighting Fund which potentially could offset the cost of CIP projects in the Lighting Fund and lead to fiscal sustainability in the future.

Lighting Fund 6-Year History & 2-Year Proposed Budget
(includes Proposed CIP Budget less Street Light Acquisition)



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Stormwater Fund: The Proposed FY 2019-20 and FY 2020-21 CIP Budget is \$406,000 for Stormwater Fund. Major projects are as follows:

- Watershed Management Plan (MI2583; pg. 57) - \$200,000 with Five-Year plan total of \$300,000.
- Trash Full Capture Device Installation (MI2597, pg. 58) - \$100,000 with Five-Year plan total of \$550,000.

Reissuance of the Ventura County Wide MS4 Permit in 2019 from the Regional Water Quality Control Board will be based on current L.A. County's MS4 Permit requiring Watershed Management Plans (WMP). The Stormwater Fund has depleted its reserves and is currently supported by the General Fund for operational expenditures. These projects, as well as future projects included in the five-year CIP plan, require funding through grants or General Fund support. Funding of stormwater programs to maintain permit compliance is a statewide challenge and staff is staying abreast of the latest developments.

Water and Wastewater Funds: City Council adopted the 2017 Water and Wastewater Financial Plans in 2017. The Plans established a framework for future planning of Water and Wastewater system capital needs and established rates that integrated capital requirements. The Plans reviewed and updated the current rate structures and ensured financial sufficiency, improved financial health of the funds, and ensured reserve fund targets will be met. Work is currently in progress on the 2019 Water and Wastewater Financial Plans.

The Proposed FY 2019-20 and FY 2020-21 CIP Budget is \$31,685,000 for the Water Fund and \$15,060,000 for the Wastewater Fund. The Water and Wastewater utilities are a major focus of staff over the next two years with 29 Water Fund projects and 24 Wastewater Fund projects. The City's utilities are a billion-dollar investment that should be maintained on a regular schedule. With the City's infrastructure over 50 years old in some areas, the cost of maintaining the infrastructure is increasing.

Some of the major projects to highlight are:

Water:

- Los Robles Greens Golf Course Groundwater Utilization (CI5395, pg. 150) - \$15,800,000, total of \$16,600,000. This project is a City Council Priority related to environmental sustainability. The pilot program is underway and grant funding of approximately \$6,000,000 is anticipated. This will supply potable water to the City's water customers, lessening reliance on imported water.

- Pump Station Improvements at La Granada Pump Station (CI8082; pg. 166) \$1,650,000; total of \$5,050,000 and Erbes Road Pump Station (CI5570, pg. 165) \$750,000 total budget. La Granada Pump Station is construction of a new pump station at La Granada Reservoir, which is necessary to ensure reliable and consistent water to Wilder Zone customers.
- SCADA Master Plan and PLCs (CI5284; pg.143) - \$1,200,000; total of \$2,650,000. This project is to update the SCADA system with the installation of new programmable logic controllers and communication systems.
- Reservoir Improvements at Tara Reservoir (CI5290, pg. 144) \$2,150,000 carryover and La Granada Reservoir (CI5292, pg. 145) \$1,900,000 carryover.

Wastewater:

- Digesters Rehabilitation (#1 – MI2564, pg.134), (#2 – MI2563, pg.133), & (#3 – MI2533, pg.130) - \$2,300,000, total of \$3,290,500.
- Interceptor CIP Phase V – Unit Y2 (CI5328; pg.116) - \$600,000 with a \$2,400,000 carryover for a total budget of \$3,000,000. This project constructs four maintenance hold structures within the siphon reach of Unit Y2 Interceptor and relines 4,500 feet of the interceptor.
- Hill Canyon Treatment Plant Solar System Purchase (CI5523; pg.126) - \$1,500,000. The existing solar system includes a buyout option. It is estimated that exercising the buyout option would result in cumulative savings of \$450,000 over the next ten years.

The programmed CIP projects for Water and Wastewater in this budget are focused on the necessary critical upkeep and maintenance of the City's existing water distribution and wastewater collection facilities, based on the findings and recommendations of the Water Master Plan and the Water and Wastewater Asset Management Plans. In addition, there are a limited number of new facilities including a new pump station at La Granada, a higher focus on re-use and groundwater development, and SCADA upgrades for the water network.

Transportation Fund: The Proposed FY 2019-20 and FY 2020-21 CIP Budget for the Transportation Fund is \$4,300,200. The majority of projects in the Transportation Fund are funded by Federal grants and if a proposed project in the CIP Budget does not receive the anticipated grant funding, the project will not commence until alternative funding is secured. Some of the major projects are:

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- Transportation Center Bus Parking & Pedestrian Improvements (CI5269, pg. 86) - \$825,000 with a carryover of \$1,975,000 for a total budget of \$2,800,000. This project will reconfigure the Transportation Center bus loading area to accommodate additional buses.
- Solar Canopies at MSC (CI5265, pg. 12) - \$1,000,000 with a carryover of \$869,440 for a total budget of \$1,869,440. This project includes other funding sources as previously discussed under the General Fund section for a total project budget of \$2,769,440.
- Electric Vehicle (EV) Charging Infrastructure (CI5473, pg. 94) - \$1,000,000 with a carryover of \$500,000 for a total budget of \$1,500,000. This project would construct EV charging stations at the MSC and Transportation Center.

The proposed Transportation Fund projects include several projects anticipated to receive grant funding. If grant funds are not received, projects will be put on hold until alternative funding sources are identified.

Other Enterprise Funds: Funding included in the Proposed FY 2019-20 and FY 2020-21 CIP Budget for the Golf Course Fund is \$550,000, Solid Waste Fund \$45,000, and for the Theatres Fund is \$300,000. Projects to highlight are:

- Los Robles Greens Miscellaneous Projects (CI5390; pg. 16) - \$500,000 with a Five-Year CIP Plan of \$1,250,000. This project will include; tee box leveling, cart path refurbishment, clubhouse interior remodeling, restroom rehabilitation, office remodel, netting repairs, pump house upgrades, on-going irrigation system, and general building repairs throughout the coming five years.
- Kavli Auditorium Upgrades (MI2088; pg. 27) - total of \$300,000. The project was initially approved for \$400,000 budget from the Theatres Fund. Approximately \$100,000 has been spent to date. \$300,000 will be carried over in the Theatres Fund and an additional \$2.3 million will be carried over from the General Fund as previously discussed.

Timeline:

November 2018	FYs 2019-2021 CIP Budget process began
April 1, 2019	Capital Facilities Committee Meeting
April 1, 2019	Planning Commission (General Plan Consistency)

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April 2, 2019 City Council CIP Budget Study Session

June 11, 2019 Operating and CIP Budgets Public Hearing

Summary:

The Proposed FY 2019-20 and FY 2020-21 CIP Budget for the next two fiscal years includes 132 projects for a total budget of \$97,138,557 (Attachment #1). The Proposed FY 2019-20 and FY 2020-21 CIP Budget contains several significant capital improvement projects, such as the Los Robles Greens Golf Course Groundwater Utilization project and the Pavement Overlay and Slurry projects, projects that implement City Council's Top Priorities, such as the Campus Master Plan, as well as many other projects that are essential to the day-to-day operations of a quality city.

With the City's transition to a maintenance-oriented community combined with declining and eliminated revenue sources, the City is continuously faced with the question of how to maintain the existing quality of its infrastructure to the satisfaction of residents. Staff plans on updating the Ten-Year Financial Strategic Plan in FY 2019-20 to identify key focus areas in order to continue to be proactive and prudent in its fiscal management.

Staff believes the Proposed FY 2019-20 and FY 2020-21 CIP Budget represents a responsible fiscal plan that addresses the City's infrastructure needs for the next two fiscal years and also addresses the sustainability and conservation efforts that are so critical today, while planning for long-term continued management of the City's \$2.0 billion in total assets.

COUNCIL GOAL COMPLIANCE:

Meets City Council Goal B:

- B. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

PREPARED BY: Brent Sakaida, Budget Officer

Attachment:

Attachment #1 – City “Capital Improvement Program” Map

Documents Provided Under Separate Cover:

Document #1 – Proposed FY 2019-20 and FY 2020-21 CIP Budget

