



# Agenda Report

**MEETING DATE:** Tuesday, May 2, 2023

**TO:** Planning Commission

**FROM:** ADMINISTRATIVE SERVICES DIRECTOR DURAN

**THROUGH:** CITY MANAGER MENDEZ

**SUBJECT:** RECOMMENDATION TO CITY COUNCIL TO ADOPT THE CITY'S  
2023-2024 TO 2027-2028 CAPITAL IMPROVEMENT PROGRAM

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## RECOMMENDED ACTION:

The City Charter charges the Planning Commission with reviewing the proposed Capital Improvement Program (CIP), determining the appropriateness of the prioritized list of public improvements, recommending capital improvements to the City Council and informing the City Manager's annual budget message. The Capital Improvement Program (CIP) is a comprehensive planning instrument used by the City to identify needed capital projects and to coordinate the timing and financing of these projects in a way that ensures their implementation. The CIP is adopted in conjunction with the annual City budget.

Staff recommends that the Planning Commission recommend adoption of the City's 2023-2024 to 2027-2028 Capital Improvement Program (CIP), to the Council and City Manager for the proposed public improvements.

1. Staff Report Presentation.
2. Public Hearing - Accept public testimony.
3. Consider Resolution recommending CIP Program to the City Council.

## DISCUSSION:

The City Charter charges the Planning Commission with reviewing the proposed Capital Improvement Program, determining the appropriateness of the prioritized list of public improvements, recommending capital improvements to the City Council and informing the City Manager's annual budget message.

Section 907(b) of the City Charter says "The Planning Commission shall have the power and duty to: (b) List and classify annually all proposed public improvements recommended by officers, departments, boards or commissions of the City and recommend to the Council and the City Manager a coordinated program of proposed public improvements for the ensuing five (5) year period, according to a logical order of priority."

Section 1109 provides in pertinent part “the City Manager shall include a statement of pending capital projects and proposed new capital projects, relating the respective amounts proposed to be raised therefor by appropriations in the budget, and the respective amounts, if any, proposed to be raised therefor from other sources during the budget year.

Section 1110 provides “The City Manager shall also include in the (Budget) message, or attach thereto, a program of proposed public improvements for the ensuing five (5) year period prepared by the Planning Commission in accordance with Section 907 (b), together with his (sic) comments thereon.

Process: Departments were asked to submit and participate in a process to develop a comprehensive capital plan, this year, they were asked to update that plan. All departments were asked to submit their capital needs to the Capital Planning Committee. Departments were encouraged to submit all their known capital needs knowing that the City may not be able to fund all projects but to inform the scope of need within the City. Several departments have recently been through Master Planning processes which informed their requests. Furthermore, the City just completed a Facilities’ Master Plan and the urgent and critical recommendations have been incorporated to the capital plan.

## **PLANNING ANALYSIS:**

The projects are classified by fund in accordance with the legal restrictions that each fund might have. All the funds can be classified within the following three major fund types:

- **General Fund:** The major general tax fund that funds most governmental operations such as Police, Fire and Parks;
- **Special Revenue Funds:** These funds are in some way dedicated for a special purpose, i.e. Gas Tax funds may only be used for road projects; and
- **Enterprise Funds:** These funds come from the business activities of the City: Water, Sewer, Solid Waste and Airport. Revenues for these funds come mainly from fees earned by the enterprises.

The prioritization and decision process differed depending on funding source. For the General Fund, this year’s guiding principles were:

- 1) To group like projects together as much as possible in order to create efficiencies by collaborating across the City;
- 2) To match or sync up with grant or other funding activities occurring at the same time; and
- 3) Projects required by changes in law or operational necessity.
- 4) Maximize the use of fund balance from other available funds to preserve General Fund for projects with no other funding options

Based on the above criteria, the General Fund has a high priority on Parks projects this year. Many to coincide with large grants and projects already begun at Ramsay Park. The larger parks improvements are on the City's capital carryover projects and therefore not part of the attached lists. The carryover projects have been presented to this Committee in the year they were originally appropriated. The Program has been reviewed by all departments involved. This is a preliminary recommendation as funding availability may change before budget adoption and appropriation by the City Council.

The City has recently engaged a consulting firm to prepare a Facilities Master Plan. Projects being recommended in this plan across several funds were identified as either critical or urgent. Some of the projects are being carried over from prior years and therefore not on this report. The projects funded through the General Fund and will be managed by the Public Works and Utilities Department. The Utilities completed comprehensive master plans in recent years which informed their five-year rate study and proposal. Those plans were incorporated to their five-year rate study and proposal which was adopted by the City Council on May 25, 2021. The CIP for the utilities is consistent with that plan and rate schedule.

Transportation projects were selected for the Capital Improvement Program due to need and available funding. Need is often based on safety. Facilities become unsafe when they wear out, grow old or become outdated. Major arterial roads have more traffic and wear out quicker than lesser-travelled roads. Sidewalks and pedestrian or bike trails grow old and break up. Streetlights, traffic lights, striping and signage must be updated to use new and more effective technology following industry best management practices. Changing conditions, such as increased population, may require that facilities be upgraded or expanded. Funding comes from many sources and each has its own requirements. Three of the sources, Gas Tax, Measure D, and SB1 have similar requirements and can be used on design and construction of transportation projects that include road repair and rehabilitation, traffic signals, safety improvements and bicycle and pedestrian improvements. The City also secures grant funding through the State and Federal government that is awarded on a competitive basis. These grants often focus on an area, such as safety, pedestrian facilities, bicycle facilities or reducing pollution. Another source of funding is development impact fees, which are collected for specific improvements in an area and use restricted to that purpose.

#### **SUMMARY/ RECOMMENDATION:**

***The Planning Commission's responsibility is to review the plan, ensure that the projects support the General Plan and provide their recommendation to the City Council.*** The City Council will review the plan as part of their larger budget deliberation process starting at the end of May.

**Major Recommendations:** *The CIP plan considers a five-year horizon and the City Council will approve and appropriate the first two years.* The top five projects staff will recommend to the City Council for the next two years are listed below in Table 1. None of these projects shown are funded by the General Fund.

**Top 5 Proposed Projects for FY 2023/24 – 2024/25**

			<b>Table 1</b>
<b>Dept.</b>	<b>Project Name</b>	<b>Comment</b>	<b>Budget</b>
WTR,S W	New MSC Building	Construction of a new customer service building.	6,000,000
Landfill	Landfill Cell IV Opening	Open Cell IV to maximize efficiency	6,000,000
Water	New Reservoirs at Airport Booster Station	Improve system infrastructure	4,900,000
Sewer	Main Switchgear and Energy Recovery Electrical System Improvements	The main electrical switchgear and backup generation system that provides power and emergency backup power to all equipment in the wastewater treatment plant is nearing the end of its useful life.	4,000,000
SB1	Industrial Road From West Beach to Riverside	Road Repair	2,000,000
<b>Top 5 Projects: FY 2023/24 - 2024/25</b>			<b>\$ 22,900,000</b>

Table 2 below shows the totals by fund of the projects submitted for the next 2 fiscal years. See the City of Watsonville Capital Improvement Projects Plan attached for the detailed project list.

## Proposed Amounts for Fiscal Year 2023-2024 to 2027-2028 Capital Improvement Program

Table 2			
			Total Future Projects
Fund Name	Sum of FY 23/24	Sum of FY 24/25	FY 25/26 through FY 27/28
Airport	685,000	25,000	225,000
CDBG	100,000		-
Civic Center	675,000	289,000	225,000
Gas Tax	575,000	555,000	1,725,000
General Fund	2,021,000	2,365,000	3,155,000
Grant Funding	2,995,518	642,000	9,092,000
IT Internal Service	140,000	140,000	420,000
Landfill Closure	6,000,000		-
Library	260,000		-
Measure D	1,794,000	826,000	3,500,000
Measure Y	1,830,000	1,460,000	2,645,000
Risk Management	26,000	26,000	-
SB1	1,020,482	2,250,000	4,212,000
Sewer	4,257,806	1,201,486	19,222,606
Solid Waste	794,000	6,472,808	3,448,198
Water	11,150,655	6,564,906	71,723,648
<b>Total</b>	<b>34,324,461</b>	<b>22,817,200</b>	<b>119,593,452</b>
<b>Grand Total</b>			<b>176,735,113</b>

### STRATEGIC PLAN:

03-Infrastructure & Environment

### FINANCIAL IMPACT:

The projects proposed have all been evaluated to ensure that the amounts proposed are sustainable for the funds and they are all subject to appropriation from the City Council.

### ALTERNATIVE ACTION:

The planning commission may choose not to recommend the Capital Improvement Program on to the City Council.

### ATTACHMENTS AND/OR REFERENCES (If any):

Exhibit A: Proposed Projects for Fiscal Year 2023-2024 to 2027-2028 Capital Improvement Program