



Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: September 15, 2020
SUBJECT: **Consideration of Allocation of Bond Proceeds and Community Facilities District (CFD) Funds for Additional Capital Improvement Projects**

Background and Analysis:

As part of the regular year-end closures, the Finance Department has conducted a review of bond proceeds and pay-go fund balances. These fund balances can be used for certain capital projects to enhance the City's efforts to meet the goals of the City Council in response to the Community Survey information. Staff has formulated the proposal below for City Council consideration.

Potrero Fire Station

In March 2020, the City Council approved a CIP amendment increasing the total allocation for the Potrero Fire Station project from \$4,100,000 to \$8,650,000. This increase included \$4,550,000 from unrestricted General Fund reserves in order to allow for design and construction to proceed based on the elevated probable construction cost estimate.

City staff has verified that \$3,984,954.85 in unallocated bond proceeds are available to address certain capital projects including the Potrero Fire Station based on the governing bond documents. These are remainders of proceeds from bonds issued over multiple years, from 2012 through 2019. Of this amount, approximately \$3.9 million results from bonds issued from 2012 to 2015. City staff has also reviewed this list with legal counsel to confirm the legal uses for which these bond proceeds may be applied.

City staff proposes that the City Council apply the above available restricted bond proceeds (\$3,984,954.85) toward design and construction of the Potrero Fire Station in place of the unrestricted General Fund reserve dollars that were previously allocated to

the project. Should the City Council make this adjustment, the funding for the Potrero Fire Station Project would be amended to the following:

Fire Station DIF	\$4,100,000.00
Bond Proceeds	\$3,984,954.84
General Fund Reserves	<u>\$ 565,045.20</u>
	\$8,650,000.00

Staff anticipates completion of the environmental clearance and construction documents in September 2020. This will allow a 30-day bid process and City Council award in October 2020.

Street Improvement Program

The recent community livability survey results listed street construction and improvement as a high priority throughout the community. Approximately \$3M of street improvements were recently completed including major improvements such as the reconstruction of Beaumont Avenue. Upon redirecting the restricted bond proceeds to the fire station construction project, City staff proposes that the City Council reallocate \$3.5 million of the unrestricted General Fund Reserve dollars to enhance the Street Improvement Program. Staff believes an additional 36 lane miles can be improved with these additional funds.

Attachment A contains a map and a schedule of proposed street improvement projects by area and costs associated with each street treatment. Should City Council decide to allocate these additional dollars to the Street Improvement Program, City staff will finalize the maintenance program to include a verification that the treatment methodologies proposed are appropriate to each road segment. It is contemplated that this additional maintenance effort would be completed this calendar year. This work would be in addition to the \$1.6 million street maintenance program scheduled for later this fiscal year.

If City Council approves this proposal, staff will bring back an amendment to the 5-Year Capital Improvement Program (CIP) on October 6, 2020, to reflect this additional allocation. Staff would anticipate awarding the construction contract on October 20, 2020, with construction beginning immediately.

Stewart Park and Wastewater System Improvements

In the FY2021 CIP, City Council approved funds to rehab the existing Skate Park (\$250,000) and construct a Splash Park (\$1,145,000). After reviewing the CFD Fund balances, staff has identified approximately \$8 million available for one-time capital projects. In order to further enhance the Stewart Park Improvements, staff recommends allocating an additional \$2 million to the project for additional enhancements to include a concrete walking trail throughout the length of the park, picnic pavilions throughout the park, additional playground equipment with shade structures, parking facilities, connection of the park across Tenth Street, and new landscaping. These improvements would make Stewart Park a community icon and increase overall usage of the park. If City Council approves this recommendation, staff will also bring this additional allocation back for approval on October 6, 2020, in the CIP amendment.

The City is also nearing completion of a master plan for the wastewater treatment and collection system. Staff recommends holding the remaining allocation of \$6 million until the plan is complete and the needs are fully understood. Staff anticipates the completion of the master plan along with an integrated CIP for Council approval in the spring of 2021.

Fiscal Impact:

There is no impact to this item as staff are seeking direction for future actions that will have financial impacts.

Recommended Action:

Review staff's proposed use and provide direction regarding any modifications prior to the submission of a CIP amendment that is currently targeted for the September 15, 2020, City Council meeting.

Attachments:

- A. Proposed Street Maintenance projects to be added to the CIP