

Executive Summary

Finance Department



EXECUTIVE SUMMARY

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) of the City of Richmond is a five-year public improvement and capital expenditure plan for Fiscal Years 2015-16 to 2019-20. The CIP funding schedule for the next five years describes projects and programs to be undertaken by the City on an annual basis.

Capital improvement is a “capital” or “in-kind” expenditure of \$10,000 or more that results in the acquisition, improvement, or addition to fixed assets in the form of land, buildings, or improvements more or less permanent in character, and, durable equipment with a life expectancy of at least five years. During the annual budget development phase, staff prepares a list of capital projects that are prioritized based on necessity, available funding, and legal mandates. The list is provided to City Council for review and input taking into consideration the results of the annual community survey. The CIP is formally approved alongside the annual operating budget.

The City’s CIP is based on a five-year revenue and expenditure forecast developed using specialized CIP planning software and is implemented through the City’s Enterprise Resource Planning (ERP) system. In addition, quarterly performance management is tracked and reported using systems that provide current updates on the progress of each project.

FY2015-16 to 2019-20 Capital Improvement Plan

Executive Summary

FINANCIAL OVERVIEW

For FY2015-16 Capital Project Funds estimated new revenue is \$13,009,942, plus fund balances of \$8,431,035 for total revenue of \$21,440,977, and expenditures total \$19,454,522. The total of all revenue is \$59,800,550 and the total of all expenditures is \$57,814,095; this includes Capital Project Funds, and projects that are adopted with FY2015-16 Operating Budget Funds (Enterprise, Internal Service, and Successor Agency Richmond Community Development Agency). On-going operations and maintenance costs of capital projects are budgeted in the Operating Budget.

Operating and Maintenance (O&M) costs are identified by the department staff that has expertise in the area. The identified O&M costs are based on additional utilities, landscaping, cleaning, repairs, maintenance, mandatory inspections, and in some cases additional labor cost. O&M costs are estimated at the beginning of project scoping, once completed the costs are forecasted based on current costs. Total CIP impact on operations (Total O&M costs) is estimated to be about \$1.7 million over five years (see summary page C-30).

The table below highlights some of the City's major projects and the estimated impact to the operation budget.

Project	Funding Source	Amount
Americans with Disabilities Act Compliance – City Facilities	FY2015-16 Community Development Block Grant (CDBG)	\$1,278,718 Estimated O & M cost is \$250,000 over the next 4 years
Officer Bradley A. Moody Underpass	FY2015-16 Contra Costa Transportation Authority (CCTA) CA Transportation Commission (CTC) Trade Corridor Improvement Fund (TCIF)	\$4,000,000 Estimated O & M cost is \$328,000 over the next 4 years
Unity Park Project	FY2016-18 State of California Department of Parks and Recreation	\$4,000,000 Estimated O & M is \$300,000 over the next 4 years

Executive Summary

The table below highlights the City's priority projects for FY2015-16.

<i>Project</i>	<i>Funding Source</i>	<i>Amount</i>
<i>2015 Pavement Rehabilitation Project</i>	OBAG Grant Measure C/J State Gas Tax	\$4,322,574
<i>Street Paving</i>	State Gas Tax	\$2,550,000
<i>Americans with Disabilities Act Compliance – Right of Way Program</i>	Measure J	\$1,550,000

The \$455 million unfunded portion of this five-year CIP is indicative of the City's current unmet needs and future anticipated needs. In projecting five years into the future, it is not possible to estimate all the needs of each project or the amount of available funds. By identifying priority projects with unmet funding needs, direction is provided to staff on which projects to emphasize in searching for potential grant and other sources of funding. Managing the progress of the CIP and anticipating future needs is an ongoing process, and revisions are made annually.

Key Capital Funding Sources

Trend analysis of recurring revenues such as State Gas Tax, Measure C/J, and General Capital are conducted to get an estimate of future years' collections. Balance sheet analysis of various funds is performed to determine available resources. In addition, the consumer price index and pre-determined schedules, such as those published by the California Department of Transportation, are used to forecast revenues. Staff monitors current legislation to stay abreast of changes to federal and state subsidies/grants. Key funding sources are as follows:

Executive Summary

Taxes: Gas Tax and Measure C/J

Gas Tax Fund accounts for the monies received from the state gas taxes under the provision of the Streets and Highway Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contaminations, and materials sampling and testing.

Measure C/J Fund was set up when the voters of Contra Costa County approved Measure C providing the creation of the Contra Costa County Transportation Authority. The half-cent transportation sales tax was renewed under Measure J, effective April 1, 2009. The Authority collects one-half of one percent sales and use tax. Twenty percent of this tax is allocated to the City of Richmond to be used for the improvement of local transportation, including streets and roads in accordance with Measure C and Measure J requirements.

General Capital Improvement Fund

General Capital Improvement Fund monies are designated for capital improvement projects. The fund accumulates its fund balance with bonds issued, capital leases, insurance proceeds, settlement agreements and grants. For example; a loan from BancAmerica Merrill Lynch is to pay for the City-wide Street Lights Rehabilitation Project, and the insurance proceeds is to fund architectural design for a new Martin Luther King (MLK) Jr. Center. The other projects budgeted in this fund are considered priorities of the City but not covered by other restricted funds.

Bonds

Effective July 1, 2011, City Council passed an ordinance amending the municipal code which establishes new sewer service charges for Richmond Municipal Sewer District. Based on the new rates established, the City was able to issue a Wastewater Revenue Bonds Series 2010B in the amount of \$41,125,000. The funding will be used over several years for improvements to the Wastewater Treatment Plant including upgrades, repairs and reduction of tidal influence into the sanitary sewer system. The balance of \$12,000,000 is budgeted in FY2015-16.

Grants

The City of Richmond receives several grants to support various programs. The Unity Park Project \$4 million in conjunction with the Richmond Ohlone Greenway Project \$1.3 million is to develop the Richmond Greenway into a park and expand on the current collective activities such as; urban agriculture, public art, bike and pedestrian travel. It will; expand on the available recreation space, improve children's play area, and enhance urban forest. Unity Park Project is funded by State Parks Prop 84 Grant and Richmond

Executive Summary

Greenway is funded by Metropolitan Transportation Commission (MTC)'s Safe Route to Transit and the Strategic Growth Council (SGC)'s Urban Greening Grants.

Impact Fees

Impact fees are collected through issuance of permits for commercial and residential development. The use is restricted to the expansion of services resulting from new development built in the city. These fees are accumulated in separate distinct funds for the designated purposes such as for Police, Fire, Library and Parks.

Enterprise Funds

Port of Richmond is constantly improving its infrastructure to attract and increase businesses. Terminal 3 Riggers Loft Project constructed offices and conference rooms for the Port Department, staff and visitors. The project also includes installation of additional lights, electrical outlets, sprinklers, and air diffusers.

KCRT Fund collects revenues from cable franchise fees and equipment rental. This fund is also used to budget normal operating expenses of the division and is included in the biennial operating budget.

Internal Service Funds

The Equipment Replacement Fund is funded by monies received from internal departments that have equipment designated for their usage, primarily vehicles. Charges are allocated to user departments based on acquisition cost, increased three percent for inflation, and amortized over the useful life. On-going equipment maintenance is budgeted in the biennial operating budget.

Successor Agency to the Richmond Community Redevelopment Agency Funds

Currently the Successor Agency has a variety of funding sources including bond financing, Federal/State and Local grants. The City leverages the tax increment with bonds and augments projects with Federal/State and Local grants. For example, the Metrowalk BART project has 11 grants, JPFA Tax Allocation Revenue Bond 2004 and Subordinate Tax Allocation Bonds. The BART garage is actually part of a development agreement that included a transit village, a garage and housing. This funding source is not projected due to uncertainty with recent legislative changes made to Redevelopment agencies at the State level.

Executive Summary

STRATEGIC GOALS

The City Council, Commissions, and staff have formulated five distinct goals that are based on the understanding that investments of financial, physical, and staffing resources made today ensure that the City's quality of life is improved and maintained for its future residents. The CIP supports the vision of the City as conveyed through five core strategic goals:

- **Maintain and enhance the physical environment**
- **Promote a safe and secure community**
- **Promote economic vitality**
- **Promote sustainable communities**
- **Promote effective government**

The CIP is a blueprint of the many objectives that are utilized to achieve these goals. It provides for the proper physical and financial coordination of projects and for private sector development initiatives that provide and/or require modifications to certain infrastructure. The CIP is coordinated with other City projects to ensure compatibility and to achieve greater benefit. The following summary identifies those CIP projects used to fulfill the City's mission in support of its Strategic Goals.

1. MAINTAIN AND ENHANCE THE PHYSICAL ENVIRONMENT

Providing a clean and well maintained environment for individuals who live, work, and play within the City of Richmond boundaries is very important. Richmond's public facilities and infrastructure play an essential role in the fabric of the community, and the City seeks to develop and maintain infrastructure that is community-serving, resilient, high-performing, cost-effective, resource efficient, and environmentally friendly. Engineering Department and Public Works are primarily responsible for maintaining and enhancing the physical environment of the City.

CIP projects to achieve this goal include:

Capital Improvement Department

- 37th Street Improvements
- Carlson Boulevard Improvement
- Cutting Carlson Grade Crossing Improvement

Executive Summary

Harbour Way Improvement
Martin Luther King Jr. Center
Mathieu Court Alley Greening/Emerald Alleys Program
Railroad Crossing Improvements Quiet Zones
Richmond Greenway Ohlone Gap Closure
Safe Route to School/Cycle 1
San Pablo Avenue Complete Street
SF Bay Trail Goodrick Avenue
SF Bay Trail (Pt. Richmond to Pt. Molate)

Public Works Department – Engineering Services

2015 Pavement Rehabilitation Project
Americans with Disability Act (ADA) Right-of Way
Crosswalk Improvements
Street Light Rehabilitation
Street Paving
Surface Drainage
Traffic Safety Improvements

Public Works Department – Operations and Maintenance

2015 Pavement Rehabilitation Project
Auditorium Americans with Disability Act (ADA)
Booker T. Anderson ADA
Kennedy Swim Center Rehabilitation
Main Library ADA
Parchester Center ADA
Senior Center ADA
Sheilds-Reid Center ADA
Street Paving

Executive Summary

Public Works Department – Parks

Joint Powers Agreement (JPA) Sports Field Partnership
Marina Bay Trail – Cosco Busan
Pt. Molate Beach – Cosco Busan
Unity Park

Utilities Wastewater Division

Treatment Plant Improvements
Wet Weather Peak Flow Storage

Utilities Stormwater Division

Nevin Street Improvement

2. PROMOTE A SAFE AND SECURE COMMUNITY

Maintaining a safe and secure community is fundamental to the health, quality of life, and economic vitality of the City of Richmond. There are three departments with primary responsibility for maintaining the safety and security of the Richmond community: Police Department, Fire Department, and the Office of Neighborhood Safety within the City Manager's Department. In addition to those three departments, Library and Cultural Services and Recreation Department have teamed up to help keep violence down by keeping kids off of the streets and placing them in life enrichment programs that stress education, physical activity and community involvement.

CIP projects to achieve this goal include:

Police Department

Closed Circuit Television (CCTV) Cameras
Dims Enterprise Turnkey Solutions
Police Equipment
Police Motorcycles
Replacement Card Printer
Replacement S2 System

Executive Summary

3. PROMOTE ECONOMIC VITALITY

Promoting economic vitality is essential to the City's overall quality of life and demonstrates the City's support of business and economic sustainability. The City seeks to ensure that there is a strong and diverse local economy that provides jobs and generates wealth. The departments that are responsible for the City's economic vitality programs and strategies include the Port of Richmond and the City of Richmond as Successor Agency to the Richmond Community Redevelopment Agency. These departments facilitate economic activities in order to achieve the economic vitality necessary to achieve the City's vision.

CIP projects to achieve this goal include:

Port of Richmond

- Terminal 2 Dredging
- Terminal 3 Electrical Repairs

Successor Agency to the Richmond Community Redevelopment Agency

- Deed Restricted Properties Assessment/Area T
- Metro Walk Transit Village
- Miraflores Baxter Creek
- Miraflores Housing
- Miraflores Remediation
- Officer Bradley A. Moody Memorial Underpass
- Terminal One

4. PROMOTE SUSTAINABLE COMMUNITIES

Richmond's distinct identity and quality of life are attributable to its heritage as a uniquely situated waterfront community with a variety of residential villages. Richmond remains attractive for business and private investment with ample space for residential development. Richmond's future prosperity will be based on maintaining a sustainable quality of life through a mix of land uses, a safe community with no visible signs of deterioration, an efficient circulation system that promotes alternative modes of transportation, and abundant open space and recreational amenities. These attributes, along with a strong economic base, will preserve and build upon Richmond's sense of uniqueness, cultural and social diversity, and strong sense of community. The department that is primarily responsible for promoting sustainable communities in the City is the Successor Housing Department.

Executive Summary

CIP projects to achieve this goal include:

Successor Housing Department

Miraflores Baxter Creek Restoration

5. PROMOTE EFFECTIVE GOVERNMENT

A commitment to quality service that is both efficient and cost-effective continues to be the central focus of the City of Richmond organization. Being flexible in its ability to deliver cost-effective services, the City of Richmond seeks to be responsive to the changing economic and market conditions.

In response to the poor economy, Richmond has attempted to re-invent itself into a responsive, performance-based government that addresses policies, service standards, allocation of resources, and funding requirements which meet the best needs of its stakeholders. In order to continuously meet community needs, the City of Richmond is maximizing its operational efficiencies through continuous benchmarking, enhanced public accountability, increased staff training, and improved communications and technology. The departments that are primarily responsible for promoting an effective government for the City is the Equipment Services Division of Public Works, Information Technology Department, and KCRT.

The CIP projects to achieve this goal include:

Public Works - Equipment Services Division

Fleet Vehicle and Equipment Replacement

Information Technology

City-wide Document Storage

Information Technology - KCRT

Engineering - Microwave Transmission & Playback System
Multi-Media - Council Chamber & Media Center
Production – Studio & Truck Upgrades

Executive Summary

REVIEW CRITERIA

All projects submitted for inclusion in the City's Capital Improvement Plan are reviewed on the basis of their relative need and cost. In addition, several policies are used as a guide to determine which projects are scheduled and funded through the Capital Improvement Plan. These policies include:

1. Meets the City's plans and policies relative to the strategic goals:
 - a. Maintaining and enhancing the physical environment
 - b. Promoting a safe and secure community
 - c. Promoting economic vitality
 - d. Promoting sustainable communities
 - e. Promoting effective government
2. Maximizes return on investments, in consideration of financial limitations and budget constraints so as to:
 - a. Preserve prior investments where possible
 - b. Reduce operating costs
 - c. Maximize use of outside funding sources to leverage the City's investments
 - d. Maximize cost-effective service delivery
3. Improve and enhance the existing network of City service levels and facilities.
4. Implement adopted plans.
5. Demonstrate coordination and compatibility with other capital projects and other public policies and private efforts.

Executive Summary

PRIORITIZATION CRITERIA

The CIP uses the following priority levels to determine when projects will be funded.

Priority A: Mandatory – Projects in Priority A are the highest priority projects. These projects must be completed for one of the following reasons:

1. Legal/Regulatory Obligation – Projects in this category are required by Federal, State or County requirements.
 - In the early 1990's Congress passed the American with Disabilities Act (ADA). One of the requirements of the act was for each public entity to develop a transition plan to bring their facilities and programs into compliance with the Act. Over the last 5 years the City has funded the ADA Right of Way Program (annual) in efforts of being in compliance with this mandate (page E-9). Also included in FY2015-16's CIP Budget are ADA improvements to five city facilities (pages F-5, F-7, F-11, F-13, F-15, and F-17).
2. Safety – Projects are required to ensure the safety of citizens.
 - The City funds the Traffic Safety Improvement Program (annual). This project addresses traffic safety concerns identified and prioritized as a result of a study conducted annually (page E-14).
 - Forty-nine Closed Circuit Television Cameras have been installed throughout the City in efforts of detecting and deterring criminal activity in crime “hot spots” (page J-5).
3. Ongoing – Projects under construction should be funded to maintain continuity.
 - Pavement Rehabilitation Project (annual). Street Paving is needed to repair deteriorated assets and for preventive maintenance (page E-6 to E-7, and E-12).

Priority B: Necessary – Projects in Priority B are any project that relies on outside agencies for funding. An example project in Priority B category is:

1. Agency Assisted
 - Treatment Plant Improvements and Wet Weather Peak Flow Storage Projects are required to have a fully functional digester facility at the City's Wastewater Treatment Plant. In 2010 a Wastewater Bond was issued to fund the necessary improvements (pages H-5, and H-7).
 - Nevin Street Improvement – The Bay Area Stormwater Management Agency Association (BASMAA) Grant \$461,538 was awarded to assist with implementing the Clean Watershed for a Clean Bay Project. Construction of bio-swales to provide treatment of residual Polychlorinated biphenyl (PCB) and mercury pollutants (page I-5).

Executive Summary

Priority C: Desirable – Projects in Priority C are any projects that enhance the appearance of City facilities. An example project in Priority C category is:

1. Any projects which does not meet any of the criteria of Priority A or B.

HOW THE CAPITAL IMPROVEMENT PLAN IS ORGANIZED

Following the introduction and executive summary are the budget summaries which provide the financial overview of capital project funding sources and uses. *Capital Improvement Projects FY2015-16* lists current capital projects by fund and their corresponding estimated beginning fund balances, revenue, expenditures and estimated ending fund balances for FY2015-16. *Capital Revenue Sources by Fund for FY2015-16 to FY2019-20* summarizes the projected funding sources for projects over the five-year period. *Capital Expenditures by Fund for FY2015-16 to FY2019-20* summarize the projected five-year spending plan by each fund and project. *Capital Expenditures by Type for FY2015-16 to FY2019-20* condenses' the five-year spending plan for capital projects by the major type. *Capital Expenditure by Project FY2015-16 to FY2019-20* outlines the five-year spending plan for each project in progress. *Capital Projects Operation and Maintenance Cost FY2015-16 to FY2019-20* outlines' estimated costs of on-going project expenditures that impact the operating budget. *Capital Expenditures Budget Funded by Debt Issuance FY2015-16* lists capital expenditures that are funded by debt, including bonds for the current budget year. *Capital Unfunded Requests for FY2015-16 to FY2019-20* lists unfunded capital project requests by department with five-year cost estimates.

The Plan then branches out into five sections in accordance with the strategic goals in the City's Five-Year Strategic Business Plan. Departments fall under one or more of the sections depending on the type of project(s). Each section contains a project narrative which includes a mission statement, program overview, and highlight. Each section also includes performance measurements and a financial summary of funding sources and uses.

Additionally, each project has a detailed project description report which includes the project name, project manager, department responsible, project description (including location, estimated operation and maintenance costs, intent, estimated start and completion dates), project justification, total estimated cost, sources of funding, fund number, fund name and the year in which funding will be needed.



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