

Executive Summary

Finance Department



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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 2016-17 to 2020-21. 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.

FY2016-17 to 2020-21 Capital Improvement Plan

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FINANCIAL OVERVIEW

For FY2016-17 Capital Project Funds estimated new revenue is \$12,423,293 plus fund balances of \$5,592,092 for total CIP available funding of \$18,015,395, and expenditures total \$17,091,066. The total of all revenue is \$43,083,472 and the total of all expenditures are \$42,159,153; this includes Capital Project Funds, and projects that are adopted with FY2016-17 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 \$1.4 million over five years (see summary page C-24).

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

<i>Project</i>	<i>Funding Source</i>	<i>Amount</i>
<i>Americans with Disabilities Act Compliance – City Facilities</i>	FY2016-18 Community Development Block Grant (CDBG)	Project construction completed in FY2015-16
		Estimated O & M cost is \$250,000 beginning in FY2016-17 through FY2020-21
<i>Officer Bradley A. Moody Underpass</i>	FY2016-18 Contra Costa Transportation Authority (CCTA)	Project construction completed in FY2015-16
	CA Transportation Commission (CTC) Trade Corridor Improvement Fund (TCIF)	Estimated O & M cost is \$328,000 beginning in FY2016-17 through FY2020-21

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Unity Park Project	FY2016-18 State of California Department of Parks and Recreation	FY2016-17 Budget \$2,745,312 Estimated O & M is \$400,000 beginning in FY2017-18 through FY2020-21
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The table below highlights the City's priority projects for FY2016-17.

Project	Funding Source	Amount
<i>I-80 Central Interchange Project</i>	Measure C/J	\$2,970,000
<i>Richmond Greenway Ohlone Gap Closure</i>	General Capital Grants Measure C/J	\$1,600,938
<i>Street Paving</i>	Measure C/J State Gas Tax	\$2,500,000

The \$179 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.

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The fiscal year 2016-17 Capital Improvement Plan is anticipated to create an additional \$213,000 in annual operating expenses for the City. Specifically, the Officer Bradley A. Moody Memorial Underpass Project is anticipated to generate additional operating expenses of \$82,000, continued expansion of the City's Bay Trials and Park Projects will result in an additional \$81,000 of maintenance expenses and Americans with Disability Act (ADA) upgrades to City Facilities will require an additional \$50,000 in

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maintenance expenses. Most projects listed will be replacing other, existing infrastructure as part of the capital replacement cycle with operations and maintenance budgets already in place. These projects are therefore not anticipated to have a budgetary impact.

Major Non-Recurring Capital Projects - The fiscal year 2016-17 Capital Improvement Plan anticipates major non-recurring capital projects. These projects are described in greater detail throughout the City's Capital Improvement Plan document. A brief description of these projects is provided below:

Officer Bradley A. Moody Memorial Underpass

The underpass at Marina Bay Parkway will reduce traffic congestion and allow emergency vehicles to access the Marina Bay Area unimpeded. Additionally, the project would improve access to proposed Water Emergency Transit Authority (WETA) ferries and improve air quality by reducing emissions of idling vehicles.

- Operating Impact – an annual increase of \$82,000 in contract services to maintain a Stormwater Pump Station, funded by the Water Resource Recovery Fund.

I-80 Central Interchange Project

This project is a two phased effort to improve traffic congestion at the I-580/I-80/Central Avenue area. Phase I includes signalization of intersections currently configured as all-way stops and the installation of variable message signs (VMS). The VMS will be configured to prohibit left turns onto westbound I-80 from Central during weekend peak periods, redirecting this traffic to eastbound I-580. This project is wholly funded by grants, including a Federal earmark and Measure J.

- Operating Impact – this is an improvement to the City's infrastructure and will have no impact on the budget.

Richmond Greenway Ohlone Gap Closure

This project is needed to close the gap between Richmond and Ohlone greenways. It will provide the residents a safe non-polluting access to El Cerrito BART Station.

- Operating Impact – an annual increase of \$10,000 is anticipated for the maintenance of this project area.

Richmond Parkway Interconnect Traffic System

This project includes the rehabilitation of the existing traffic signal interconnect systems and installation of video monitoring systems at all Richmond Parkway interceptions.

- Operating Impact - this is an improvement to the City's infrastructure and will have no impact on the budget.

Signal Modification Barrett Avenue I-80 WB Ramps

Modify existing traffic signal to provide protected left turns on Westbound Barrett Avenue to Southbound I-80.

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- Operating Impact - this is an improvement to the City's infrastructure and will have no impact on the budget.

Metro Walk (Richmond Transit Village)

The Richmond Transit Village Project includes 231 townhomes and up to six commercial spaces on properties adjacent to existing transit facilities, a new intermodal transit station building (housing an interagency police patrol stop), new, at-grade pedestrian plazas, stairways and elevators providing access to the BART/Amtrak station, a center boarding platform for Amtrak patrons, a six-floor parking structure with ground floor commercial space, and pedestrian and bicycle oriented street improvements to Nevin Avenue, Marina Way, Barrett Avenue and Macdonald Avenue.

- Operating Impact – this project is expected to be completed in June 2017. Projected future operating cost would consist of maintenance of: additional buildings and parking structure, public access areas/walkways, and landscaping.

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:

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; Contra Costa

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Transportation Authority (CCTA) and Utility Users Tax (UUT) are used to pay for the S.F. Bay Trail – Point Richmond to Pt. Molate 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

Over the years, the City issued Wastewater Revenue Bonds in the amount of \$93,820,000. The funds were used for improvements to Wastewater Treatment Plant including upgrades, repairs and reduction of tidal influence into the sanitary sewer system.

Effective July 1, 2011, City Council passed an ordinance amending the municipal code which increased new sewer service charges for Richmond Municipal Sewer District. The new rates will help pay for the FY16-17 principal and interest payments in the amount of \$6,445,454 budgeted in the Wastewater Enterprise Operational Budget (see page C-25).

Grants

The City of Richmond receives several grants to support various programs. The Unity Park Project \$2.7 million in conjunction with the Richmond Ohlone Greenway Project \$1.6 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 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. The Electrical Meters Upgrade Project will repair and replace electrical meters in order to develop accurate billing criteria for all Port tenants.

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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.

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

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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 Projects Department

- 37th Street Improvements
- Carlson Boulevard Improvement
- Cutting Carlson Phase II
- Fire Station 66 Roof Repairs
- Harbour Way Improvement
- I-80 Central Interchange Phase II
- 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)
- Signal Modification Barrett I-80 WB Ramps
- Street Paving
- Traffic Safety Improvements

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Capital Improvement Projects – Parks Division

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

Water Resource Recovery - Wastewater Division

13th and Dunn Street Capacity Improvements
Electrical System Distribution System Upgrade
Force Main System
Wastewater Treatment Plant Critical Improvements

Water Resource Recovery - Stormwater Division

Hazel Street Storm Drain Improvements
National Court Storm Drainage Improvements

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

Body Worn Cameras
Police Safety Equipment

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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

- Electrical Meters Upgrade
- Point Potrero Marine Terminal (PPMT) Dock Repairs
- Point Potrero Marine Terminal (PPMT) Dredging
- Terminal 2 Dock Removal
- Terminal 2 Dredging

Successor Agency to the Richmond Community Redevelopment Agency

- Deed Restricted Properties Assessment/Area T
- Metro Walk Transit Village
- Miraflores
- Miraflores Baxter Creek
- Miraflores Housing
- 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

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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. CIP projects to achieve this goal include:

Successor Housing Department

Miraflores Baxter Creek

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

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Multi-Media - Council Chamber & Media Center
Production – Studio & Truck Upgrades

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.

PRIORITIZATION CRITERIA

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

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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. In FY2015-16's CIP Budget \$1.6 million was for ADA Improvements to city facilities that can be used as shelter in place in the event of an emergency.
 - \$1.1 million was for ADA improvements to the Richmond Auditorium which included installation of an elevator.
 - \$500K went to much needed ADA improvements to the Main Library and the Senior Center.
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 42).
 - Forty-nine Closed Circuit Television Cameras (CCTV) have been installed throughout the City in efforts of detecting and deterring criminal activity in crime “hot spots”. FY2016-17's Police CIP budget includes the purchase of police equipment, body worn cameras and additional CCTV cameras (pages 84-85).
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 41).

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:

Agency Assisted

- Treatment Plant Improvements Critical Improvements and Sanitary Sewer Wet Weather Capacity Improvements 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 for the last five years. FY2016-17 CIP of \$6.5 million is funded by annual sewer rate increase approved in FY2015-16 that will go through FY2019-20 (pages 61-65).
- The Port of Richmond Dredging Projects – Dredging at Terminal 2 and Point Potrero Marine Terminal (PPMT) berth is necessary to accommodate long-term use for automobile ship operations (pages 93 and 96).

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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:

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 FY2016-17* lists current capital projects by fund and their corresponding estimated beginning fund balances, revenue, expenditures and estimated ending fund balances for FY2016-17. *Capital Revenue Sources by Fund for FY2016-17 to FY2020-21* summarizes the projected funding sources for projects over the five-year period. *Capital Expenditures by Fund for FY2016-17 to FY2020-21* summarize the projected five-year spending plan by each fund and project. *Capital Expenditures by Type for FY2016-17 to FY2020-21* condenses' the five-year spending plan for capital projects by the major type. *Capital Expenditure by Project FY2016-17 to FY2020-21* outlines the five-year spending plan for each project in progress. *Capital Projects Operation and Maintenance Cost FY2016-17 to FY2020-21* outlines' estimated costs of on-going project expenditures that impact the operating budget. *Capital Expenditures Budget Funded by Debt Issuance FY2016-17* lists capital expenditures that are funded by debt, including bonds for the current budget year. *Capital Unfunded Requests for FY2016-17 to FY2020-21* 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.