



Legislation Text

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Agenda Item Wording:

Continue review of select FY 2022/23 and 2023/24 Capital Improvement Program (CIP) Budgets and future capital plans.

Deadline for Action: 3/7/2022

Submitting Department: Finance and Technology Services

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Department Recommendation:

That the City Council receive the fourth presentation of the City's Capital Improvement Program (CIP) report and provide direction as appropriate. The Council is scheduled to act upon the CIP budget in June in conjunction with the operating budget. No formal action is required or requested at this time.

Background Discussion:

The Review Process- This is Council's fourth opportunity to review a portion of the City's proposed Capital Plan. Portions of the proposed 2022/23 and 2023/24 capital budget are being brought to Council for review at each scheduled meeting during the months of February-March 2022. This allows Council to conduct their review of the proposed CIP budget in manageable groupings.

The Capital Improvement Program presents the two fiscal years 2022/23 and 2023/24 for adoption and appropriation. *Four additional years are shown for planning purposes only.* This allows Council to plan future projects and consider the near-term impacts of those decisions. However, only the first two years are proposed for appropriation and deserve greater scrutiny. Amounts included in the final four years will not be appropriated in the 2-year budget.

Staff has prepared a Power Point presentation to review the proposed Capital Programs of the various funds discussed below. CIP Project Managers will be available to address Council's questions on proposed projects. To assist Council in reviewing the proposed CIP projects, staff recommends the following:

- Staff will present a summary of proposed project appropriations and provide Council with the opportunity to request further information on individual projects.
- It is recommended that Council review and either tentatively approve or direct changes to the attached proposed Capital Improvement Program (CIP) budgets for the selected funds.
- No formal action is required at this time. At Council's direction, staff will return with additional

information or changes to the CIP at a following meeting, until all projects have been reviewed, and Council is satisfied with the proposed capital budget for all funds.

- A final Capital Improvement Program document will be prepared, after the review process is completed, and included for adoption with the City's Operating Budget in June 2022.

The CIP includes all projects and equipment purchases costing \$10,000 or more. When possible, Capital Projects are separated from the operating budget, using separate capital funds. This allows a clear view of capital activities and prevents operating budgets from being artificially inflated by those same capital activities.

Funds for Review- The seven funds to be reviewed today include one impact fee and six special revenue funds.

- Impact Fee funds hold revenue from fees imposed upon new development to pay for the proportionate costs of providing public infrastructure to serve that new development. These funds can only be used for the purchase or construction of new or expanded infrastructure related to the growth from development.
- Special Revenue Funds collect money which must be used for a specific purpose. These funds provide accountability and transparency to tax and rate payers, requiring funding to be spent for an intended purpose.

Transportation Funding: The Funds included in this report represent the majority of revenues available to the City for the construction and maintenance of public roadways within the City of Visalia. Also included is the Measure R Regional Fund which provides funding for projects of regional significance. The only transportation capital funding excluded from this item is the Street Maintenance funding contained in the Measure N budget, which is subject to an additional review by the Measure N committee and will be brought to Council for review and discussion on May 2, 2022.

The Citizen's Advisory Committee annual surveys have shown consistently over the years that maintenance of City roads, traffic signs, and signals is a high priority for the citizens of Visalia, second only to public safety. The Pavement Management System (PMS) is used to determine the annual amount of funding required to maintain Visalia's streets. New construction of City infrastructure, including roads, is driven by development, and the funds to be discussed tonight include projects which have been based upon projections of growth and development in the City of Visalia. Construction of new, and improvement of existing street infrastructure supports and encourages new development.

The Funds to be discussed in today's meeting include those listed in Table 1: Capital Budget Funds for Review March 7, 2022, below.

Table 1: Capital Budget Funds for Review March 7, 2022

Fund Name	Fund #	Proposed 2022-23	Proposed 2023-24
Gas Tax	111	2,679,800	2,615,000
SB1-RMRA	113	4,100,000	3,300,000
Measure R Local	131	2,419,800	3,892,000
Measure R Regional	133	-	-
Transportation Impact Fees	241	6,979,200	5,239,300
Landscape & Lighting	273	252,000	766,000
State Transportation	281	275,000	1,875,000
Total Projects		\$ 16,705,800	\$ 17,687,300

Gas Tax, Fund 111 (CIP detail attached): This fund receives the local portion of state excise taxes on gasoline and diesel fuel which is allocated through the state Highway Users Tax Account. The highway user's tax revenues come from special taxes (sales and excise taxes-sections 2103-2107.5) on the sale of transportation fuels which are levied by the State. As a result of the Prop 42* swap which began in 2011, the funds formerly received by the City for the Traffic Congestion Relief fund are included in the Gas Tax fund. These amounts are allocated by the State on a combination of factors including population, registered vehicles, and per capita amounts.

***Prop 42:** Requires the State to fully replace the amount cities would have received under the old sales tax structure with their share of the new excise tax which was included in the legislation for Prop 42, with the goal of making the measure "revenue neutral".

Gas Tax funds may be used for construction, improvements, and maintenance of streets and roads. To maximize funding for street maintenance, 70% of the projects proposed in the Gas Tax fund are for maintenance projects throughout the City. Roughly 28% of the Gas Tax fund is currently planned for New Construction, Improvements, and projects to be completed in conjunction with New Construction, with the remainder to be used for the replacement of equipment used by the City Street Maintenance division. However, most projects for construction and improvement of city streets are

programmed from Measure R, Transportation Impact Fees and other State and Federal grant programs which are typically housed in the State Transportation Fund (281).

Maintenance projects proposed to receive appropriations in the 2-year portion of the budget include thin skin patching, crack sealing, reclamite, dig outs, minor asphalt overlays, pothole patching, and cape seal. The 2-year capital budget also proposes funding for the replacement of specialized streets equipment including a large compaction roller, crack filler, and oil distributor. The equipment being replaced ranges in age from 22 to 28 years old and has reached the end of its useful life.

The currently proposed capital budget follows the pattern of past practice for street maintenance. Of the 27 proposed projects in this fund, 23 are proposed for funding in the 2-year portion of the budget. For more detail on Gas Tax projects, please see the fund summary included in Attachment A.

SB1-Road Maintenance and Rehabilitation Act (RMRA), Fund 113 (CIP detail attached): This fund, which was established under Section 2032(H)(2) of the Streets and Highway Code with the adoption of SB1, addresses maintenance on local streets and roads. The funding may be spent on road maintenance and rehabilitation, safety projects, railroad grade separations, complete street components, and traffic control devices. Projects eligible for SB1 funding are required to be identified in detail and passed through local government channels with binding resolutions before applying for the state funds. As was intended, this funding has allowed the City to begin addressing deferred maintenance on its transportation infrastructure. This fund has a single annual project in each of the 6 years of the capital plan which is for pavement rehabilitation. This project is discussed below.

- Pavement Rehabilitation - SB1 (\$3.3million to 4.1 million annually): Rehabilitation of various streets throughout the City of Visalia based on priority list established by the Pavement Management System (PMS). Street rehabilitation is done to improve the ride quality, add structural strength, and extend the life expectancy of a street. This project is a longer lasting and important maintenance project for City streets that will be coordinated with the Public Works Department through analysis from Pavement Management System.

For more detail on the SB1-RMRA fund resources and projects, please see the fund summary included in Attachment A.

Measure R Local, Fund 131 (CIP detail attached): This fund receives monies from the local portion of the Measure R 1/2 cent Transportation Sales Tax approved by voters of Tulare County in November of 2006. Local agencies collectively receive 1/3 of all Measure R revenues for local projects. These funds may be expended on transportation projects as determined by each local jurisdiction. The local fund is proposing 34 projects, with 25 requesting appropriations in the 2-year portion of the budget. These projects include various traffic control and roadway improvement projects. Three of the larger projects included in the 2-year portion of the capital budget are the installation of two new traffic signals and a new railroad crossing in the northwest quadrant of the city which are discussed below:

- Northwest Quadrant At-Grade Railroad Crossing (\$4,850,500*, 2023-2027): This project will complete a study to determine the optimal location for a new at-grade crossing (possibly Linwood Street, Chinowth Street, or Preston/Roeben Street) and the abandonment of an existing crossing. Construction will include the installation of new pavement, curb, gutter, sidewalk, traffic signal, railroad warning devices, signage and striping at recommended location and will upgrade the existing railroad tracks. Also included are public outreach, abandonment of the existing RR crossing and moderate updates to two adjacent intersections north and south of the new crossing. Development in the northwest quadrant of the city has created the need for an additional railroad crossing to improve circulation. Funding in FY23/25 will provide for preliminary engineering and environmental, plans, specifications, and estimates (PS&E), Right of Way and Permitting. FY26/27 funding is for construction. This project is multi funded and the project total of \$4.8m will be paid from \$2.4m Measure R Local (131) and \$2.4m Transportation Impact Fees (241). ****Appropriations of \$686,800 are in the 2-year portion of the budget (\$200,000 from Measure R Local, and \$486,800 from Transportation Impact Fees). The project balance of \$4,163,700 is in the planning years.***
- Mooney and Ferguson Traffic Signal (\$800,000, 2022-2024): For the installation of a traffic signal at Mooney and Ferguson. The current all-way stop intersection meets the traffic signalization criteria defined by the California Manual on Uniform Control Devices (MUTCD) as determined through the data collected with the Annual Traffic Data Collection Contract. This project includes design and construction. The multi-funded project total of \$800,000 will be paid from \$550,000 of Local Transportation Development Funds (281) and \$250,000 Measure R Local (131).
- Shirk and Ferguson Traffic Signal (\$800,000, 2023-2025): For the installation of a traffic signal at Shirk and Ferguson. The current all-way stop intersection meets the traffic signalization criteria defined by the California Manual on Uniform Control Devices (MUTCD) as determined through the data collected with the Annual Traffic Data Collection Contract. This project includes design and construction. The multi-funded project total of \$800,000 will be paid from \$275,000 Local Transportation Development Funds (281) and \$525,000 Measure R Local (131).

For more detail on the remaining projects proposed for Measure R Local funding, please see the fund summary included in Attachment A.

Measure R Regional, Fund 133 (CIP detail attached): This fund receives monies from the regional portion of the Measure R 1/2 cent Transportation Sales Tax approved by voters of Tulare County in November of 2006. Regional projects in Tulare County collectively receive 1/2 of all Measure R revenues. The Tulare County Transportation Authority (TCTA) administers the Measure R

expenditure plan which restricts how this money can be spent. This fund has been included in today's discussion based upon the funding proposed for the Widening of Riggins from Shirk to Akers in the third year of the capital plan (2024-25). This planned project would be multi-funded with the Transportation Impact Fee fund, where it is included in the third and fourth years of the capital plan (2024-2026).

A detailed description of this project is included in the Measure R Regional fund summary included in Attachment A.

Transportation Impact Fees (TIF), Fund 241 (CIP detail attached): This fund is derived from developer fees collected at the time of building permit issuance or, if the developer requests, at the time of occupancy. Funds can be used only for construction of new street improvements and expansion of transportation facilities related to growth as included in the Circulation Element of the City's General Plan.

TIF Program: When the City approves a project for development, it is committing to provide the necessary community-wide public improvements, including transportation infrastructure, to support that development. When setting the price of development impact fees, staff projects the development need based upon the current General Plan and its elements, namely the Circulation Element. All available sources of funding for required infrastructure are considered when TIF fees are reviewed. Impact fees are the funding of last resort and are set equal to the transportation plan's revenue shortfall. The intent of impact fees is to ensure the necessary funding for the proportionate costs associated with new development and its impact on City infrastructure.

The City's TIF Fund continues to project a large deficit in the 6-year capital plan and the needs of this fund clearly outweigh the resources. Projects are planned and prioritized based upon projected development and must be chosen based upon the need to support new development as it occurs. Over the next two years, staff will continue to evaluate the projects included in the planning years and recommendations for which projects to move forward will be brought back in the next capital plan. The widening of Riggins Avenue from Kelsey to Shirk is the largest project in this fund and is discussed below.

- ***Riggins Widening - Kelsey to Shirk (\$10,975,000*, 2022-23):*** This project will widen Riggins Avenue between Kelsey Street and Shirk Road from an undivided two-lane road to a four-lane divided road with a median. The project will include installation of a drainage swale, street lights and interconnect conduit. Once the EDA grant is received and bonding from TCAG is successful, this project will move forward. Widening of Riggins Ave will improve mobility of traffic for the industrial park and the surrounding businesses while reducing congestion. ****The project total of \$10,975,000 is multi-funded from \$2,200,000 of prior year Measure R Regional, \$4,775,000 of Transportation Impact (\$2,400,000 from prior year), and \$4,000,000 of EDA Grant, which is contingent upon award.***

The TIF fund has 26 projects in the 6-year plan with 16 of those projects proposed for appropriations

in the 2-year portion of the budget. For more detail on proposed TIF projects, please see the fund summary included in Attachment A.

Landscape and Lighting, Fund 273 (CIP detail attached): This fund receives property tax assessments on property owned within each Landscape and Lighting (L&L) District to be used for maintenance of common areas, street maintenance and landscaping. Funds may be used only within each individual L&L District for costs included in the engineer's report prepared at the time of the creation of the L&L District.

The 6-Year Capital Plan shows only the portion of L&L District assessments that is set aside for street maintenance. The portion of this fund which provides for landscape and lighting will be brought to Council in June along with the operating budget. In 2005, newly formed L&L Districts began to include street maintenance in their engineer's reports and assessment amounts. There are now 61 L&L districts that include street maintenance. Based upon the street maintenance schedule included in the individual L&L's engineer's reports, reclamation, crack seal, overlay, and cape seal projects are proposed during the 2-year portion of the CIP budget.

All L&L's which include street maintenance also include an automatic inflation of the annual assessment amount. The cash balance of each L&L is evaluated annually and automatic increases only take effect if they are found to be necessary. Street maintenance projects for individual L&L's will be grouped together annually and combined with other like projects for bidding to achieve any available economies of scale. For more detail on Landscape and Lighting street maintenance projects, please see the fund summary included in Attachment A.

State Transportation, Fund 281 (CIP detail attached): This fund is derived from 1/4 cent of statewide sales tax collected and returned to each County in compliance with the Local Transportation Development (LTD) Act. These funds are administered by the Tulare County Association of Governments (TCAG) and the first priority for use of the funds is public transit (buses). After transit needs are met, the remaining monies, as well as various discretionary revenues, may be used for road and street purposes, including bike/pedestrian facilities. Transportation related grants awarded to the City of Visalia are also housed in this fund. These monies are to be used only for approved transportation projects in compliance with the requirements of their individual funding sources. This fund has 9 proposed projects in the 6-Year Capital Plan with 2 projects proposed to receive appropriations in the 2-year budget. These projects include the installation of a traffic signal at Mooney and Ferguson, and construction of a portion of the Greenway Trail, from Mill Creek to St. John's. The new traffic signal is multi-funded with Measure R Local funds and is discussed in that section above.

For more detail on State Transportation Fund projects, please see the fund summary included in Attachment A.

Fiscal Impact:

The City's Capital Improvement Plan details a six-year plan for the expenditure of funds and the completion of projects (see Attachment A). Information for the years 2024/25 through 2027/28 is provided for informational and planning purposes and will be revised, updated, and adopted in 2-year increments.

The attached spreadsheets summarize each fund and provide a detailed list of the proposed projects. The fund title and number are followed by a brief explanation of the revenue source and general purpose of the fund. Each fund summary shows projections of the beginning cash, operating revenue (or capital contribution from operating revenue), operating expenditures, proposed CIP expenditures, and the projected ending cash balance for each of the six years.

Prior Council Action:

The following is a list of Capital Funds reviewed at prior Council Sessions:

Table 2: Capital Funds Reviewed at Prior Council Sessions

FUND	Key	DESCRIPTION
2/7/22		
406	4060	Animal Services
411	4040	Airport
452	4520	Transit Capital

FUND	Key	DESCRIPTION
2/22/22		
103	2330	Corporation Yard Impact Fee
231	2490	Wastewater Trunkline
431	4330	Wastewater
441	4410	Solid Waste
501	5010	Fleet Maintenance

FUND	Key	DESCRIPTION
2/28/22		
132	2420	Measure R Bike/Trail
211	2440	Recreation Facilities
221	2450	Storm Sewer
222	2460	Storm Sewer Deficiency
224	2480	Ground Water Recharge
251	2530	Waterway Maintenance
261	2540	Waterway Construction
481	4880	Storm Sewer Maintenance

Other: Table 3 is a summary of the remaining capital funds to be reviewed by Council during the month of March 2022, prior to their adoption:

Table 3: Capital Funds to be reviewed by Council in future Council Sessions

FUND	Key	DESCRIPTION
3/14/22		
012	3820	Police Unclaimed Funds
502	5020	Vehicle Replacement
503	5030	Measure T Police Vehicle Replace
504	5040	Measure T Fire Vehicle Replace
511	5110	Information Services

FUND	Key	DESCRIPTION
3/21/22		
001	1010	General Fund
106	2360	Fire Impact Fee
413	4130	Convention Center
611	6010	Parking In-Lieu

04/18/2022*		
311	6110	CDBG

05/02/2022*		
141	1410	Measure N

** These funds will be reviewed separately from the Capital Budget process according to the requirements of the individual funding, but will be included in the final budget document for informational purposes.*

Alternatives: None Recommended.

Recommended Motion (and Alternative Motions if expected):

No motion is required or requested at this time.

Environmental Assessment Status: N/A

CEQA Review: N/A

Attachments:

Attachment A: Summary of proposed Capital Projects by Fund

Attachment B: Directory of Map Points and Maps