



CITY OF
HAYWARD
HEART OF THE BAY

DATE: May 28, 2013
TO: Mayor and City Council
FROM: City Manager
SUBJECT: Work Session Agenda Item #1 – Updated FY 2014 CIP Letter from City Manager

Staff is presenting this memorandum to provide you with an updated, draft version of the City Manager's letter to Council pertaining to the FY 2014 CIP.

Prepared by: Morad Fakhrai, Director of Public Works – Engineering and Transportation

Approved by:

Fran David, City Manager

Attachments:

- 1) Revised Draft of FY 2014 CIP Letter from City Manager



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April 26, 2013

Honorable Mayor and City Council:

This letter serves to transmit the Capital Improvement Program (CIP) FY 2014 Update for your consideration. The City Council will review this document during a work session in May. Beforehand, the Planning Commission will have reviewed the document for conformance with the General Plan.

As with the City's operating budget, the FY 2014 CIP is in the second year of the two-year budget cycle. The FY 2014 Update includes revised costs for projects already included for FY 2013 and FY 2014. However, unlike the first year of the two-year CIP budget cycle, new projects were not solicited for the Update, and consideration of new requests was limited to those very few projects added because of major changes in circumstances. Also, since no projects are added for FY 2023, this updated CIP document covers only the next nine years and not ten years (i.e. FY 2014 through FY 2022). Staff made limited changes in projects scheduled for future years only where necessary because of revisions to projected funding programs.

The City Council must formally adopt the second year of the CIP budget as required by the City Charter and in order to comply with certain grant requirements. The following discussion related to the FY 2014 Update highlights a review of several important projects completed during FY 2013 as well as any new, critical projects. It should be noted that consistent with the intent of this being a second year of a two-year budget cycle, non-essential information was not included and individual project expenditure pages were only included for new projects.

As a matter of reference, the FY 2014 CIP also includes two funds (the Housing Authority Capital Fund and the Regional Water Intertie Fund) that are to be discontinued by the end of FY 2013 due to the State-ordered dissolution of redevelopment agencies within California and completion of the only project in the fund, respectively.

Summary of CIP

The CIP for FY 2014 totals approximately \$100 million, with a total of about \$323 million budgeted through FY 2022. A vast majority of the expenditures for FY 2014 are focused on three categories of projects: sewer system projects (\$33.5 million), road and street projects (\$24 million), and water system projects (\$18.6 million). Another \$4.1 million is allocated towards projects associated with livable neighborhoods, which helps support Council's priorities pertaining to improving the attractiveness and safety of neighborhoods and the City overall. The CIP also continues to be focused on the maintenance, security, and upkeep at many of the City's government buildings, especially City Hall.

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Key Projects Completed During FY 2013

Roads and Streets

The Route 238 Corridor Improvement Project is rapidly nearing its planned completion target of June 2013. A vast majority of the paving and landscaping has been completed, and the implementation of the one-way loop system occurred in mid-March.

One other major project, which commenced construction during the spring of FY 2013, involves improvements along Dixon Street in support of the South Hayward BART transit-oriented development. Improvements specific to this project include streetscape and access improvements to both sides of Dixon Street between Tennyson Road and Valle Vista Avenue; project completion is slated for the end of July 2013.

Utilities and Environmental Services

One of the overarching goals for Utilities and Environmental Services during FY 2013 was to update master plans for both sewer and water. The Water Systems Master Plan, which calls for an operation analyses and evaluation of existing facilities, pressure, water quality, and emergency preparedness, was completed in FY 2013. The Master Plan will assist in the identification of water-related capital improvement projects for the next ten years, with project implementation beginning as soon as FY 2014. Likewise, a Master Plan update for the Sewer Collection System was completed in FY 2013. Funding will be provided in future years to implement recommendations resulting from these planning efforts. Furthermore, the design process for a new co-generation energy system was completed in FY 2013, with construction of the system to occur during FY 2014.

Technology Services

The largest project in this fund is the replacement of the City's outdated legacy financial system with an Enterprise Resource Planning (ERP) system. By the end of FY 2013, several of the key modules will have been implemented, with the remaining modules to be installed by the end of FY 2014.

New Projects for FY 2014

Infrastructure Improvements

The construction phase for a new Fire Station #7 was added to the CIP at a total cost of \$8.6 million. This new fire station will replace a four-piece, modular building with an adjacent apparatus bay that opened in 1998. While added to the CIP, construction will not commence until funding is identified and secured. In addition, a health center at Fire Station #7 was added to the CIP. Similarly, an appropriate source of funding must be identified to initiate design and proceed with construction.

Utilities and Environmental Services

A new project to inspect and recoat the Highland 750 Reservoir (off Parkside Drive) will be undertaken in FY 2014 to improve water supply reliability and repair corrosion. Another project will allow for the installation of a weather-based irrigation controller at City Hall, allowing for a

water savings of 20%.

An operational evaluation of WPCF blowers is also scheduled to take place during FY 2014. An evaluation by an outside consultant will help to increase the efficiency of the system and maximize its performance.

Identified Capital Needs

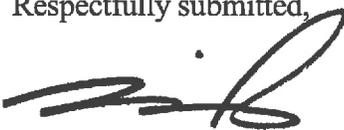
The last section of the CIP is the Unfunded Capital Needs section. As noted earlier in this letter, since the focus of the FY 2014 edition of the CIP is to update costs of existing projects, a similar emphasis was placed on updating cost information in the Identified Capital Needs document and only including a select number of projects, which were deemed as critical by the requesting departments; such projects are noted in grayscale throughout the document. However, a couple of projects within Technology Services totaling over \$2,500,000 were removed from the list as they were fully funded or completed in FY 2013. Such projects, , These include the Public Safety Mobile Replacement Project and the Network File Share/Backup System, the latter project was completed as part of the ERP system implementation.

Two new projects, both of which pertain to Library and Community Services, were incorporated into the Facility Maintenance portion of the document and are also noted with gray shading. The new Library and Community Learning Center in the amount of \$52 million was also added to the list. A final major change to the document pertains to adding the total cost to rehabilitate all of the City’s streets to a pavement condition index of 80 in one year and then to maintain the roads at that level each year. The total value of the unfunded projects in the Identified Capital Needs document is approximately \$511 million through FY 2022, with costs broken down into the following categories:

• Street & Transportation-Related Projects:	\$333,973,000
• Major New Facilities Projects:	\$151,900,000
• Facility Maintenance and Improvement Projects:	\$ 19,928,000
• Technology Services:	\$ 5,275,000
Total	\$511,076,000

Attached to this letter is a summary of the key assumptions (Attachment A) that were used in preparing the FY 2014 CIP. The staff and I look forward to discussing projects and issues embodied in this capital plan.

Respectfully submitted,



Fran David
City Manager

Attachment A – Assumptions