

# *City of Brisbane*

## *Agenda Report*

To: Mayor and City Council  
From: Stuart Schillinger, Administrative Services Director  
Subject: Capital Improvement Plan Review  
Date: March 15, 2018

### **Purpose:**

Provide for needed Capital Improvements while maintaining the long-term fiscal health of the City.

### **Recommendation:**

Direct staff regarding the high priority capital projects City Council identified at their February 25<sup>th</sup> goal setting meeting.

### **Background:**

The City Council developed a Capital Improvement Plan in 2004 which was updated in 2008. Since that time city staff has been working off of this plan as it has brought individual projects to be completed. A comprehensive review of the plan was put on hold during the recession while the City worked through the short-term financial issues to ensure continued day-to-day operations. The plan has been kept up to date by staff throughout the years when issues were raised by City Council members.

As part of the two year budget process in the non-operating budget years staff brings the Capital Improvement Plan to City Council for review, concurrence, and to determine if additional projects are needed. This is the first time since the beginning of the Recession that we have not brought an operating budget to City Council. Therefore, staff is bringing the Capital Improvement Plan forward for your review.

City Council conducted this review on October 17<sup>th</sup> and provided staff a short list of higher priority capital projects. On February 25<sup>th</sup>, City Council reviewed this list and provided staff additional feedback regarding those projects which should be approved within the upcoming year depending on the City's financial resources.

### **Discussion:**

Attached for the City Council review is a list of the projects discussed at the February 25, 2018 Council Goal Setting meeting. The total cost of the projects listed for the General Fund is \$1,716,000.

The City ended Fiscal Year 2016/17 adding \$375,000 to reserves. As shown in the attachment the original projection was to use about \$1,500,000 of reserves. At the meeting on February 25<sup>th</sup> staff suggested one way to fund capital projects was to use a portion of any annual surplus. At the time staff suggested the following use the surplus 20% towards unfunded OPEB liabilities, 20% towards unfunded Pension liabilities, and 60% towards capital improvements. If the City Council would like to implement this proposal then the following amounts would be committed to each category:

- OPEB liability - \$74,943
- Pension liability - \$74,943
- Capital projects - \$224,829

This would leave another \$1,650,000 needed if all of the capital projects allocated to the General Fund were to be completed. The projects deemed the highest priority at the meeting in February were:

- Railing for Stairway between Mono and Sierra Point
- South Hill Drive Sidewalk Extension
- Dog Park Lighting
- Quarry Road Lighting
- Modular Addition for BES
- Stairway between Tulare and Santa Clara
- 524 Sierra Point to 805 Humboldt Pedestrian Access
- Crocker Trail Commuter Connectivity upgrades

The cost of these projects would be \$860,000. This would mean an additional \$636,000 would need to be taken from General Fund Reserves to pay for these projects. Based on the midyear reprojected the General Fund Reserve would have approximately \$9,798,223 in it at the end of FY 2017/18. If the surplus from FY 2016/17 was used as shown above the Fund Balance would be \$9,423,508. If the City Council directed staff to take an additional \$486,000 from reserve this would leave \$8,787,508 in reserve.

• Projected Ending Fund Balance FY 2017/18 -	\$9,798,223
• Use of FY 2016/17 for previously stated purposes	<u>(\$374,715)</u>
• Newly projected ending fund balance -	\$9,423,508
• Use of Fund Balance for other high priority projects	<u>(\$636,000)</u>
• Newly projected ending fund balance FY 2017/18	<u>\$8,787,508</u>

The City Council reserve policy recommends a reserve of \$7,850,770 at the end of FY 2017/18.

The Fiscal model shows fund balance falling to approximately \$6,150,000 in FY 2021/22 if there are no changes to anticipated revenues or expenditures and these projects are fully funded. This about \$1,850,000 lower than recommended policy reserve amount. This anticipates all expenditures are made each year and revenues meet expectations. As stated previously the City usually ends the budget year better than anticipated since revenues usually come in higher than expected and expenditures come in lower based on staff turnover and departments not expending their full budgets.

**Fiscal Impact:**

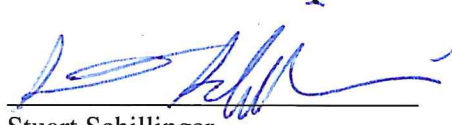
In the current year the City would be able to meet its reserve requirements if the listed projects were funded but there may be a need to look at revenues and expenditures on a longer term basis to keep within the fund balance policy parameters.

**Measure of Success**

The City's infrastructure is properly maintained, and appropriate new infrastructure is built.

**Attachments:**

Capital Projects reviewed at February 25, 2018 meeting.



Stuart Schillinger  
Administrative Services Director/Deputy City Manager



Clay Holstine  
City Manager

<u>Name</u>	<u>Cost</u>
Railing for Stairway between Mono and Sierra Point	\$ 50,000
South Hill Drive Sidewalk Extension	\$ 45,000
Dog Park Lighting	\$ 10,000
Quarry Road Lighting	\$ 40,000
Modular Addition - Brisbane Elementary School	\$ 150,000
Stairway between Tulare and Santa Clara	\$ 300,000
Stairway between Santa Clara and Alvarado	\$ 125,000
Fishing Pier Improvements	\$ 97,500
Expansion of Community Garden	\$ 60,000
Crocker Trail Commuter Connectivity Upgrades	\$ 115,000
Crocker Trail Lighting	\$ 600,000
Alley Improvements - Alvarado to San Benito	\$ 200,000
524 Sierra Point to 805 Humboldt Pedestrian Access	\$ 150,000
Intersection Improvements at Bayshore and San Bruno	\$ 323,700
<b>General Fund Total</b>	<b>\$ 2,266,200</b>
Preliminary Design and Cost Estimating for R&R of dock flotation billets, dock utilities and dock boxes	\$ 400,000
<b>Marina Fund Total</b>	<b>\$ 400,000</b>