

MEMORANDUM

DATE: October 29, 2009

TO: Mayor and Members of the City Council

FROM: Daniel E. Keen, City Manager 

SUBJECT: **Transmittal Letter for the Proposed 10-Year Capital Improvement Program (CIP) and Transportation Improvement Program (TIP) for the Period of FY 2009-10 to FY 2018-19**

Introduction

This transmittal letter presents the recommended FY 2009-10 Capital and Transportation Improvement Program (CIP and TIP) Ten-Year Plan for City Council review. Given the number and range of properties and public facilities the City is responsible to maintain, and to keep City facilities and infrastructure in high quality condition, our CIP and TIP represents a varied program. The continuing demand on the City's General Fund to support on-going service costs continues to restrict the availability of this funding source for capital needs.

Declining revenues and rising costs continue as primary concerns for the CIP/TIP. The housing sector crisis has affected the other sectors of the economy. The Legislative Analyst's Office (LAO) forecasts that the housing sector will begin to stabilize towards the end of the year; and that significant improvement will likely not occur until the end of 2010. The economic performance of California is weaker than the U.S. County and city budgets are in a precarious condition, and mayor layoffs will be coming locally. Job cuts and/or layoffs may be substituted with furloughs across the board, which effectively keeps workers less than fully employed which results in reduced incomes. California recovery will happen after the rest of the nation with some delay due to further public sector downsizing.

Real Estate defaults and foreclosures will lower selling values and rents this year and through 2010. As labor markets recover at the end of next year, Real Estate will also benefit and will start to recover due to rising demand.

The City continues to be successful in obtaining grants. The City was awarded \$12.7 million in grants for projects. Following are some of the grants received by the City of Concord, (see **Attachment A** for the detailed of Grants Awarded). The City received \$1.85 million in Federal Stimulus Funds, for street rehabilitation; \$1.15 Energy Efficiency and Conservation Block Grant (EECBG) to help reduce and improve energy efficiency; \$248,000 in CDBG ARRA Federal Stimulus for ADA Improvements; \$150,000 from the California Coastal Conservancy and \$60,000 from EBRPD to complete a trail along the North Slope of Ygnacio Valley Rd; \$3.0 million Measure J Bonds from the Contra Costa Transportation Agency (CCTA) to complete the Ygnacio Valley Road Restoration, \$800,000 in Measure J Ramps Funding Contra Costa

Transportation Authority (CCTA) to fund a traffic growth study, and \$5.65 in Measure WW Park Bond Extension Funds to fund capital projects for parks, trails, and recreational facilities.

To help complete the picture of the City's Capital Improvement program we are including in this transmittal letter a list of projects that the Council approved during the fiscal year, subsequent to the adoption of the CIP/TIP in June 2008. (**Attachment B**).

Revenue Assumptions

As with all City revenue funds and in keeping with Budget and Fiscal Policies (**Attachment C**), the CIP/TIP revenues and costs are balanced over the 10-Year period. All 10-Year revenue allocations and balances are shown in the FY 2009-10 Operating Budget. The revenue assumptions and the 10-Year balancing of the Gas Tax (Fund 260), Proposition 111 (Fund 261), Measure C (Fund 472), Measure J (Fund 475), AB2928 (Fund 476), OSIP (Fund 420), and all the Park Land Funds (Funds 450, 451 and 452) are also incorporated into the annual CIP/TIP process and will be discussed here. The 10-Year fund balance for these funds is shown behind tab "**Fund Allocation-Balances**" in this binder. All fund allocations are shown separately behind the same tab.

Gas Tax (Fund 260) – The adopted FY 2008-09 Ten-Year plan projected \$1.52 million revenue for FY 2008-09. For the first year of the proposed plan (FY 2008-09), the actual FY 2008-09 revenue of \$1.35 million was used, which is \$170,000 (11.1%) lower than the \$1.52 million revenue projected in the adopted plan. Based on the decreasing trend of the actual revenues over the past years, the proposed plan assumes a reduced revenue of \$1.44 million during the first year, \$1.45 million during the second year and flat revenue of \$1.460 for the remaining eight years.

Proposition 111 (Fund 261) – The adopted FY 2008-09 Ten-Year plan projected a flat revenue of \$0.76 million for each of the ten years. The actual revenue for FY 2008-09 came in at about \$0.67 million, which is \$90,000 below our projected revenue (11.8%). Similar to the gas tax projection, the proposed plan assumes a slight decrease the first two years, .66 million, and a flat revenue (\$0.72 million per year) for the remaining eight years.

Measure J (Fund 475) – This is a Contra Costa County ½ cent sales tax which finances transportation and road construction programs throughout the County. The revenue refers to the 18% return to source component of the Measure, which is distributed by formula. Measure J replaced Measure C, in FY 2009-10. Because the Measure J revenue is tied to sales tax revenues, the projection for fiscal years 2008-09 was reduced to reflect the declining sales tax revenues. For FY 2009-10 the Measure J revenue projection was increased by a modest .5%, FY 2010-11 and FY 2011-12 revenue projections were increased by 1%, and FY 2012-13 Measure J revenue projection, was increased by 2%. The remaining years match the Operating Budget sales tax forecast, which is between 3% and 3.5%.

Proposition 1B – This is the \$19.9 billion Transportation Bond Act passed by the voters in 2006. Unless otherwise noted, Proposition 1B funds refer to the \$2 billion Local Streets and Roads (LS&R) component of Proposition 1B. In April 2008, the City received its first distribution of Proposition 1B funds in the amount of \$1,986,719. This Plan assumes receipt of the City's second and final distribution of \$1,874,877 in FY 2010-11, based on latest information from the State Department of Finance (DOF).

AB 2928 (Proposition 42) – This bill provides \$1 billion directly to cities and counties for the maintenance of local streets and roads. With its passage, the funds were to be distributed over a five year period based on population. The City received its initial allocation of \$816,000 in FY 2000-01. However, due to the State's budget deficit, it reduced the distribution to the cities and counties in FY 2002-03 (Concord received \$138,000) and cutoff the payments thereafter. The Governor's proposed budget for FY 2009-10 fully funds Proposition 42, and provides repayment of outstanding Proposition 42 loans. The actual revenue for FY 2008-09 was \$1.04 million, which was \$141,000 lower than projected (9%). The proposed plan revenue projection for the City of Concord for FY 2009-10 is \$1.17 million the projection is based on information posted at the League of California Cities website.

Off-site Street Improvement Program (OSIP) Fee or traffic mitigation fee – Similar to the Park Land fee, projected revenue for the OSIP fee declined severely. Relative to the adopted 10-Year Plan, revenue for the first three years is down \$2.1 million (81%). The proposed 10-Year Plan projected revenue of \$3.8 million is \$8.8 million (70%) lower than the \$12.5 million adopted plan-projected revenue.

Park Land In-lieu Fee – The housing development, the sole source of revenue for this fee, continued to deteriorate. Majority of the developers cancelled or put off indefinitely plans to proceed with their housing developments. Relative to the adopted 10-Year Plan, revenue for the first 3 years (beginning FY 2009-10) is down \$2.5 million (89%). The proposed 10-Year Plan projected revenue of \$2.5 million is \$3.6 million (59%) lower than the \$6.1 million adopted plan (FY 2008-09) projected revenue; and \$7.4 million (75%) lower than the \$9.9 million prior adopted plan (FY 2007-08) projected revenue.

Measure WW – This is the \$500 million Park Bond Extension Proposition, successor to Measure AA, passed by the Alameda and Contra Costa voters in November 2008. \$375 million (75%) will fund Regional Park acquisitions and capital projects. The remaining \$125 million (25%), distributed to cities, special districts and county service areas, will fund improvements for local and regional parks, trails and recreational facilities. Concord's share is \$5,657,180. This new source of funding for Park projects offset part of the \$7.4 million decline in Park Land fee revenue described in the previous paragraph. The Parks projects proposed for the FY 2009-10 Ten-Year Plan are funded mainly with Measure WW funds supplemented with general fund loan to the Park Land fee revenue.

Current Fiscal Issues

Development Fees

As discussed under the Revenue Assumptions, revenue projections for the Park Land in-lieu fee and Off-site Street Improvement Program fee declined severely due to the continuing deterioration of the housing market. Last year, the California Legislative Analyst's Office (LAO) predicted that the housing sector will begin to stabilize in late 2008 with significant improvement occurring in 2009. This did not happen. A number of analysts are opining now that the recession has bottomed, which means likely that the housing sector will begin to stabilize next fiscal year (2011) and development activities likely will pick up the following fiscal year (2012). The OSIP (traffic mitigation fees) revenue projection follows this assumption. However, the Parkland fee revenue projection assumes a flat or non-escalated projection. This is a conservative and prudent projection because the Parkland fee relies solely on housing units. Concord is a built-out city and housing units are mainly generated from infill housing developments and redevelopment projects.

Street Maintenance Program

Over the past few years, the street maintenance cost continued to increase; in large part due to the continued rise in crude oil price. A recent review of the last Pavement Management System (PMS) Pavement Condition Index (PCI) study indicated a shortfall of about \$9 million per year for pavement reconstructs and overlays. Recognizing that the street funding (gas tax, Measure J, Prop. 111, Prop. 42, etc.) available is only about \$4.2 million per year, the City would be unable to "catch up" with its street maintenance efforts. If the current funding trend continues (without infusion of funds), the City's street system would continue to deteriorate.

To address the street maintenance issue, staff has hired a consultant who will update the citywide PCI study and provide recommendations. The consultant's initial work mainly consists of conducting a PCI study on 20% of the City's street system to gauge the reliability of the prior PCI study. Staff has applied for a \$60,000 grant from MTC (PTAP grant) for the next phase of the study, which would include: PCI study of the remaining 80% of the City street system, analyzing the rate of deterioration of the street system, and providing recommendations. Once the consultant completes the study, staff will present the findings of the consultant along with the recommendations to the City Council. To ensure that the City is effectively using its street funding, staff is suspending the slurry seal program for one year while waiting for the consultant's recommendations.

In the meantime, local agencies are faced with a looming threat from the State. This year, the State proposed to divert the cities gas tax to provide relief to the State budget. Due to the objections from the cities and counties, the State did not go through with the gas tax diversion. Recognizing that the State has not balanced its budget, it may plan on diverting the gas tax again next year.

NPDES Municipal Regional Permit (MRP) Requirements

Last year, we reported that more onerous requirements would be forthcoming when the San Francisco Bay Regional Water Quality Control Board (Regional Board) renews Concord's 5-year NPDES permit. For more than five years, Regional Board staff has been crafting a Municipal Regional NPDES Permit to include 72 cities in Alameda, Contra Costa, Santa Clara, San Mateo, and Sonoma counties. This trailblazing permit includes a host of new requirements that will be difficult and expensive to implement.

The MRP requirements increase Concord's operation and maintenance costs by about \$624,000 per year and capital costs by about \$66,000 per year. One new requirement is to install physical trash capture devices on drainage systems from 30% of the retail/wholesale land area (305 acres) in Concord by July 1, 2014. Another requirement is to record and report physical parameters (temperature, conductivity, dissolved oxygen, pH, etc.) in a local creek every 15 minutes for 1-2 weeks a year. Another new requirement requires any project that creates 5,000 square feet of impervious surface to not increase rainfall runoff and to treat runoff water. These are a few of the hundreds of new requirements in the 195-page permit.

Stormwater utility fees are capped at \$35 per single family parcel. There are plans county-wide, when public opinion is favorable, to conduct a local ballot for new stormwater revenues. In the meantime, the MRP unfunded mandates will likely divert funding away from existing programs.

Project Prioritization Criteria

In all budgetary processes, projects-needs compete for finite resources. In order to recommend the effective allocation of these funds, staff relies on priorities for funding established in the CIP/TIP. These prioritization criteria, in keeping with our stated Mission, Vision, Values, include (1) public safety, (2) neighborhood vitality, (3) revenue enhancement, and (4) infrastructure preservation-enhancement. In our review and recommendation on projects this year, we have also considered those projects that require an inordinate amount of City matching funds and those projects with high incremental operating cost increases. Too much of a General Fund commitment in Operating Costs could make a project ineligible at this time.

CIP/TIP Process

As with other fiscal programs and policies within the City of Concord, (e.g., Performance Based Budgeting, Pay for Performance, and the Operating Budget itself), the CIP/TIP is recognized statewide as an excellent and innovative program. Once again, the California Society of Municipal Finance Officers (CSMFO) recognized the City of Concord's CIP/TIP through their Award of Excellence in Capital Budgeting (**Attachment D**) for our FY 2008- 09 CIP/TIP submittal. This is the 9th consecutive year that the City of Concord has received this statewide award. This achievement is attributed mainly to the policies that the Council has adopted over the past decade and the City practices that stem from those policies. Two of the specific policies/practices which lead to the award are 1) 10-Year financial planning; and 2) the inclusion

of incremental operating costs associated with project proposals (i.e., fully loaded cost). These policies/practices have clearly proven their effectiveness more than ever during the current constrained budget situation.

The CIP/TIP Process began in early October with the drafting of the CIP/TIP Process Schedule (**Attachment E**). Engineering Services staff coordinated this schedule with the Operating Budget Process Schedule prepared by Finance Department staff. Community and Recreation Services staff reviewed the schedule for coordination with the Parks, Recreation and Open Space Commission schedule. This Commission annually reviews parks-related projects. In addition, Planning and Economic Development staff reviewed the schedule for coordination with the Planning Commission schedule. This Commission annually reviews the CIP/TIP for consistency with the General Plan, as mandated by State law.

Engineering Services staff held a kick-off meeting in early November to bring the CIP/TIP Committee together and lay out the plan. The CIP/TIP Committee consists of the City Manager, all Department Heads, and key program managers from all departments. The Committee members were given all the forms and information necessary to submit their Capital and Transportation project proposals. Changes or updates to Council policy or direction were also discussed at the meeting.

The project data were submitted and entered into the CIP/TIP database. After each draft was completed, the CIP/TIP Committee met to discuss the proposed 10-Year Plan. By the time the second draft was completed, committee members had given significant time and effort searching for alternate funding sources to relieve the General Fund and support maintenance operations.

CIP/TIP Binder Organization

This CIP/TIP binder contains a great deal of information about the two programs. In order to facilitate its use, it may be helpful to know where to look for various data. The following tab references may be of special interest:

- “Project Appropriations” contains a summary of each project by category and contains project number, project name, year(s) of funding, and source(s) of funding. It provides a subtotal of each category cost, as well as individual CIP and TIP totals. It provides the best “snapshot” of the 10-Year Plan projects.
- “Fund Allocation-Balances” has two parts. The first is a summary of all funding source totals for the entire 10-Year Plan. The second shows the revenue allocation, allocations and fund balances of the major capital funding sources over the 10-Year Plan.
- “Completed Projects” shows all the projects completed in FY 2009/2010
- “CIP” and “TIP” sections are divided into their respective section-tabs based upon the City’s identification of Major Categories of Capital Improvement. These categories are as follows:

CIP Categories

- Building and Grounds
- Community Block Grant
- Drainage and Stormwater
- Golf Course Enterprise
- Miscellaneous Projects
- Parks and Recreation
- Pavilion Enterprise

TIP Categories

- Annual Programs
- Local Streets and Roads
- Traffic Signals
- Undergrounding

- A separate category of “Unfunded Projects” contains those projects which were removed from the capital budget in 2003-04 in order to balance the 10-Year Plan, or projects that have since been identified as community needs for which no funding is currently available.
- “Appendices” contains several sections of information helpful to understanding and using this document. Included are:
 - “Glossary” of acronyms, terms, and some of the major funding sources used throughout this document.
 - “Index to Projects” is the index where the projects are listed in both project name order (green pages) and in project number order (blue pages) to make it easier to locate specific projects.
 - “CDBG Zone Map” and “Parkland Districts Map” each provide a map of the City divided into appropriate sections for each respective map.
 - “Revenue Assumptions” which provides the details for the proposed 10-Year revenue forecast for the following funding sources: OSIP, and Parkland.

Discussion of the 2009/10 CIP/TIP

The major improvement categories for the CIP/TIP are listed under the “CIP/TIP Binder Organization” section of this transmittal. Requests for FY2009/10 project funding are shown in graphical representation in Figure 1 and as total dollars in Figure 2.

FY 09-10 By Category
 As a % of Total CIP/TIP

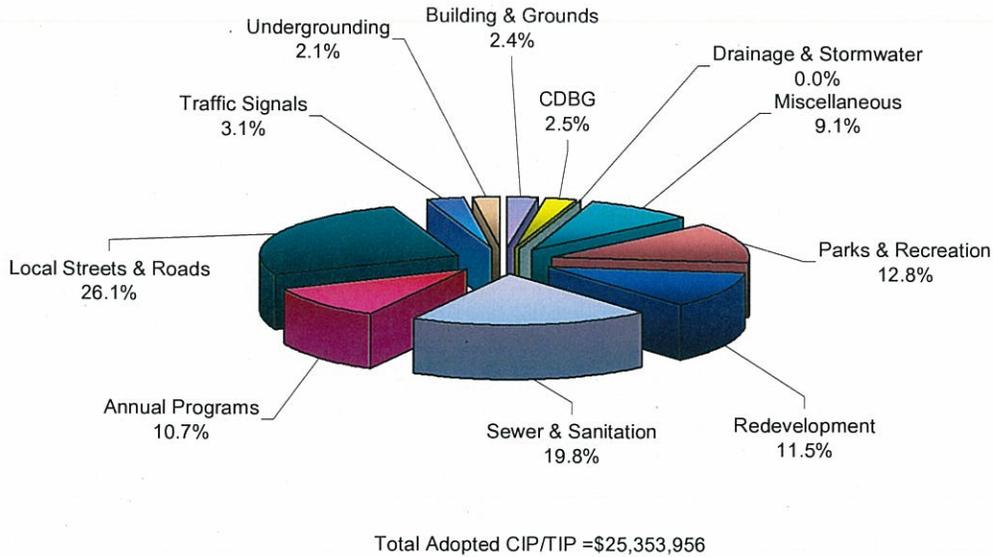


Figure 1

Category	In \$000's
CIP-Building and Grounds	\$ 603
CIP-Community Development Block Grant	\$ 633
CIP-Drainage and Stormwater	\$ 0
CIP-Golf Course	\$ 0
CIP-Miscellaneous	\$ 2,304
CIP-Parks and Recreation	\$ 3,252
CIP-Redevelopment Agency	\$ 2,917
CIP-Sewer and Sanitation	\$ 5,013
TIP-Annual Programs	\$ 2,704
TIP-Local Streets and Roads	\$ 6,610
TIP-Traffic Signals	\$ 780
TIP-Utility Undergrounding	\$ 539
TOTAL	\$ 25,354

NEW PROJECTS

Within the above categories are the following new projects for FY 2009/10 (in category order).

- **Project 2158, Civic Center ADA Barrier Removal:** Perform all barrier removal projects identified in the City's ADA SETP for the Civic Center including Wings A,C,D and E; Civic Center Library; Human Resources building and the Civic Center parking lots. Project funded by Redevelopment funds for a total appropriation of \$164,500.
- **Project 2139, Gateway Boulevard Accessibility:** This project will construct 30 ADA accessible curb ramps, update 3 driveways, and install 12 audible pedestrian signal and ADA push buttons along Gateway Boulevard, Willow Pass Road, Fry Way, Market Street, and Clayton Road. This project is funded by CDBG-R funds and Measure J local funds. The total appropriation for this project is \$215,000.
- **Project 2142, Outdoor Play Area Rehabilitation Concord Childcare Center:** Six inches of Soft Fall material will be added to approx. 4,850 square feet of play area to meet health and safety requirements and ADA accessibility requirements. TREX type decking material would replace deck around sand area in the infant/toddler yard. This project is funded by CDBG funds. The total appropriation for this project is \$15,000.
- **Project 2143, Riley Court Apartments Roof Replacement Resources for Community Development:** The project will replace existing tar and gravel roofs with a new light-colored Thermo Plastic Olefin (TPO) roofing product. TPO is an industry recognized green building product. This project is funded with CDBG-R funds. The total appropriation for this project is \$73,132.
- **Project 2146; Replace Irrigation Main Line, Valves, and Irrigation Controller at Sun Terrace Park:** Replace approximately 600' of 3" irrigation water main, valves, and controller. The controller is to connect to existing base computer controller. This project is funded by Measure WW funds. The total appropriation for this project is \$10,000.
- **Project 2147, Resurface Tennis Courts at Willow Pass Park, Concord Community Park, and Pine Hollow Park:** Apply new surface treatment, color coat, and striping to extend the life of the pavement for the tennis courts. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$110,000.
- **Project 2148, Install Back Up Pump at Concord Community Pool:** Install a Back-up Pump at the Concord Community Pool with associated piping. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$110,000.
- **Project 2149, Willow Pass Community Park - Sports Field Improvements:** Project includes the replacement of bleachers at Bundy Field (WPP1); as well as the replacement of scoreboards Fields 1 and 4; all in Willow Pass Park. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$117,815.

- **Project 2150; Construct Equipment Shelter at Newhall Park:** Demolish existing building and replace with new equipment shelter. Install 6-foot chain link fence around maintenance yard and repave Maintenance yard. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$119,650.
- **Project 2151, Install Shade Structure at Hillcrest Park:** Scope includes site grading adjacent to playground, site preparation, concrete pad, installation of 1000 sf shade structure and tables. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$121,000.
- **Project 2152; Replace Playground Equipment at Cambridge Park:** Replace existing playground equipment. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$165,000.
- **Project 2153; Replace Playground Equipment at Ygnacio Valley Park:** Replace old deteriorated playground equipment. This project is funded by Measure WW and Parkland funds. The total appropriation for this project is \$165,000.
- **Project 2154, Installation of Irrigation Well at Boatwright Playfields:** Install well by drilling a hole and lining it, install electrical service to the well pump, install a pump, and connect it to the existing irrigation system along with the proper controls, VFD, and sand separator if needed. This project was approved by Council but not approved by Measure WW (its main funding). Project will be postponed until funding is available.
- **Project 2155, Refurbish, Upgrade Camp Concord Family Bath House:** Refurbish and upgrade the interior of the 41-year-old Family Camp Bathhouse and the Handicap Bathroom/Shower Facility in upper camp. Total project appropriation \$432,500. This project is funded with Measure WW and Parkland funds.
- **Project 2159, Demolition of Various RDA Properties and Related Sidewalk Repairs:** The project will demolish four buildings and repair sidewalks for future redevelopment. This project is funded with Redevelopment funds. Total appropriation is \$476,000.
- **Project 2157, Arterial Pavement Overlay Holding Account:** This project will develop a long-range program of specific projects, which will provide well-maintained roads to facilitate transportation. Funding will vary depending on grants awarded to the City.
- **Project 2144, Clayton Road/Treat Blvd. Intersection Capacity Improvements:** This project will improve the traffic flow and reduce congestion at this intersection). The proposed appropriation at this time is \$2,200,000 funded by Measure J Bonds, Prop. 111 and Measure C Local. Estimated completion date: December 2013.

- **Project 2145, Willow Pass Road / SR 4 Freeway Ramp Reconstruction Study:** The project will study the need for enhancing the ramp to accommodate the growth in traffic over the past years and the future growth including the development of the former Concord Naval Weapons Station. The study is funded by \$800,000 Measure J Bonds issued in 2009.

Conclusion

I would like to thank Alex Pascual (Director of Public Works & Engineering), Peggy Lefebvre (Director of Finance), Cecilia Skuza (Budget Analyst) and the entire CIP/TIP Committee for their hard work and efforts in producing this document. They have identified every resource available to the City to enable us to reinvest in and maintain the quality of our valuable community infrastructure and facility assets.

The City Council has provided us with the clear direction that we need to prioritize and develop the projects contained in this document. We will continue to refine and improve the CIP/TIP process and implementation of projects to enhance the usefulness and purpose of the CIP/TIP for the City.

Note: The **Current Fiscal Issues** section of this transmittal letter has been updated based on available information as of October, 2009

GRANTS AWARDED

Project No. 1283, Galindo Creek Trail Gap Closure and Ygnacio Valley Rd. Landslide Repair: The project was awarded a \$150,000 Coastal Conservancy Grant, and \$60,000 EBRPD Measure AA funding.

Project No. 2130, Pavement Rehabilitation: Clayton Rd. from Market Street to Oakland Avenue: The project was awarded \$1,270,000 Federal Stimulus Funds for Pavement Rehabilitation.

Project No. 2131, Clayton Road Intersections Rehabilitation: The project was awarded \$584,000 Federal Stimulus Funds for Pavement Rehabilitation.

Project No. 2141, EECBG-Energy Efficiency Lighting Parking Lots: The grant amount of \$879,600 from Energy Efficiency and Conservation Block Grant (EECBG) will fund the replacement of the lighting fixtures in Concord's two downtown parking structures.

Project No. 2011, Concord Reuse Planning: The grant amount of \$275,000 from the Energy Efficiency and Conservation Block Grant (EECBG) will develop and adopt a climate action plan and policies for the former Concord Naval Weapons Station.

Project No. 2139, Gateway Boulevard Accessibility Improvements: \$175,000 funds from this project come from the American Recovery and Reinvestment Act of 2009 (CDBG ARRA). The project will construct curb ramps and other accessibility improvements to serve the mobility-impaired.

Project No. 2143, Riley Court Apartments Roof Replacement Resources for Community Development: \$73,132 CDBG ARRA will fund the roof replacement for 48 total units that are 100% income restricted. The highly reflective white TPO roofs can reduce household energy consumption by 50% and demand for air conditioning at peak times by as much as 10% to 15%.

Project No. 2109, Ygnacio Valley Rd. Permanent Restoration (Phase 2): The Contra Costa Transportation Authority (CCTA) Measure J Bond funding of \$3,000,000 will complete the Permanent Restoration of the segment of Ygnacio Valley Road damaged by the late 2005 early 2006 storm events.

Project No. 2145, Willow Pass Road / SR 4 Freeway Ramp Reconstruction Study: This project was awarded \$800,000 from CCTA Measure J Ramps this amount is specifically set aside for "project development" purposes, i.e. to fund the necessary studies to scope the work properly. This amount could be used by the CNWS in concert with the traffic studies required for the Reuse Project.

Measure WW Projects This is the \$500 million Park Bond Extension Proposition, successor to Measure AA, passed by the Alameda and Contra Costa voters in November 2008. \$375 million (75%) will fund Regional Park acquisitions and capital projects. The remaining \$125 million (25%), distributed to cities, special districts and county service areas, will fund improvements for local and regional parks, trails and recreational facilities. Concord's share is \$5,657,180. Below is a list of Measure WW funded project approved by Council:

Fiscal Year 2008-09

Project No. 2086, Replace Maintenance Building at Hillcrest Park \$130,000.

Project No. 2138, Convert Gas Chlorine System at Concord Community Pool \$80,000.

Fiscal Year 2009-10

Project No. 1288, Meadow Homes Spray Park and Restroom Improvements \$945,600.

Project No. 2081, Pave Loop Road at Camp Concord \$565,000.

Project No. 2146, Replace Irrigation Main Line, Valves and Irrigation Controller at Sun Terrace Park \$10,000.

Project No. 2147, Resurface Tennis Courts at Willow Pass Park, Concord, Community Park and Pine Hollow Park \$100,000

Project No. 2148, Install Back-up Pump at Concord Community Pool \$102,000.

Project No. 2149, Willow Pass Community Park - Sports Field Improvements \$106,700.

Project No. 2150, Construct Equipment Shelter at Newhall Park \$108,400.

Project No. 2151, Install Shade Structure at Hillcrest Park \$109,500.

Project No. 2152, Replace Playground Equipment at Cambridge Park \$150,000.

Project No. 2153, Replace Playground Equipment at Ygnacio Valley Park \$150,000.

Project No. 2154, Installation of Irrigation Well at Boatwright Playfields \$280,000.

Project No. 2155, Refurbish/Upgrade Camp Concord Family Camp Bathhouse \$395,000.

Fiscal Year 2010-11 to Fiscal Year 2013-14

Project No. PR-1101, Ygnacio Valley Park Electrical Service Repair \$157,000.

Project No. PR-1107, Install Split-Rail Fence at Hillcrest Park \$75,000.

Project No. PR-1108, Pave Trail Gap in Newhall Park (Treat Blvd. Entrance) \$225,800

Project No. PR-1109, ADA Barrier Removal for City Facilities (Park Facilities) \$300,000.

Project No. PR-1114, Replace Pump System Components at Ellis Lake \$228,500.

Project No. PR-1116, Reconstruct Tennis Courts at Concord Community Park \$498,000.

Project No. PR-1117, Install New Playground Equipment at Newhall Park \$150,000.

Project No. PR-1119, Replace Pump System Components at Newhall Park \$228,000.

Project No. PR-1121, Replace Pump System Components at Cambridge Park \$228,500.

Project No. PR-1122, Replace Pump System Components @ Concord Community Park \$228,500.

Subsequent to the adoption of the CIP/TIP, the Council approved the following projects during FY 2008-09.

- **Project 2124, Citywide Sidewalk Improvement Annual Program (FY08-09):** Approved by the Council on July 28, 2008. At the budget workshop and again at the budget hearing in June, the Council expressed interest in the timely repair of the severely uplifted sidewalks along Clayton Rd, Treat Blvd., and Concord Blvd., all major arterial streets.
- **Project 2125, Engineering Services and Housing Division Relocation:** Approved by the Council on July 28, 2008. This project will facilitate the relocation and pay for relocation costs of the Engineering Services (CIP Division) and Housing Division. Relocation cost includes the following: Installation of cubicles, construction of a temperature-controlled IT network equipment closet, installation of electrical equipment in the floor to power offices and office cubicles, construction not provided by landlord, labor for office move, etc.
- **Project 2126, U.S. Housing and Urban Development Lead Based Paint Grant Program:** Approved by the Council on July 14, 2008. Sixty dwelling units in the Monument Corridor will receive remediation and clearance over three grant periods.
- **Project 2128, Stimmel Drive Storm Drain:** Approved by the Council on December 1, 2009. This project will resolve storm drain issues on Stimmel Drive.
- **Project 2129, Grant Street Hwy/242 Landscape Improvements:** Approved by the Council on December 1, 2008. The \$50,000 appropriation will start the process to obtain a cooperative agreement with CalTrans.
- **Project 2130, Pavement Rehabilitation: Clayton Rd. from Market Street to Oakland Avenue:** Approved by the Council on December 1, 2008. Appropriation will begin design in anticipation of the Federal Stimulus Infrastructure funding soon to be available.
- **Project 2131, Pavement Rehabilitation Clayton Rd. Intersection Improvements:** Approved by the Council on December 1, 2008. Project will begin design in anticipation of the Federal Stimulus Infrastructure funding soon to be available.
- **Project 2134, Curb, Gutter, Sidewalk and Curb Ramp Improvements along Clayton Road (Market Street to Oakland Avenue).** This project was approved

- by the Council on March 2, 2009. The project will construct or repair the sidewalks within the Project No. 2030 (Pavement Rehabilitation: Clayton Rd. from Market Street to Oakland Avenue) limits to comply with the ADA accessibility requirements. Staff has reviewed the project limits and determined that 52 curb ramps and 2,000 square feet of sidewalk are non-compliant.
- **Project 2135, Curb, Gutter, Sidewalk, and Curb Ramp Improvements on Clayton Road at Various Intersections.** This project was approved by the Council on March 2, 2009. The project will construct or repair the sidewalks within Project No. 2031 (Pavement Rehabilitation Clayton Rd. Intersection Improvements) limits to comply with ADA accessibility requirements. Staff has reviewed the project limits and determined that 27 curb ramps and 1,900 square feet of sidewalk are non-compliant.
 - **Project 2136, Willow Pass Rd. Pavement Rehabilitation (Gateway Blvd. to Port Chicago Hwy.).** This project was approved by Council on June 22, 2009. The project will fund consultant and staff administrative costs for preliminary design. The preliminary design will allow staff to apply for grants such as additional stimulus funds or the traditional STP competitive funds.
 - **Project 2137, Replacement of HVAC Equipment in City Buildings.** This project was approved by Council on June 8, 2009, The project will replace existing HVAC equipment, which is unable to maintain required temperatures in the Civic Center Wing C basement, Pavilion Radio Bunker, Concord Community Pool, Centre Concord and the Radio Room and the Server Room in the Police Building.
 - **Project 2138, Convert Gas Chlorine Disinfecting System to Liquid Chlorine System at Concord Community Pool.** This project replaces the old disinfecting system with a double walled tank for liquid chlorine and acid tank, thereby eliminating inhalation incidents, and current specialized handling permit requirements. The conversion will eliminate BAAQMD (Bay Area Air Quality Management District) requirements and Homeland Security concerns. The new system will add safety to pool users and staff. It will also reduce operating and training costs.
 - **Project 2141, Energy Efficiency Parking Lot Lights and Project 2011 Develop and Adopt Climate Action Plan and Policies for the Former Concord Naval Weapons Station** The projects were approved by Council on June 1. The American Recovery and Reinvestment Act of 2009 funded the two projects through its Energy Efficiency and Conservation Block Grant Program (EECBG). The grant funds will be used to implement a strategy that will improve energy efficiency throughout the City. This strategy would involve (A) lighting retrofit - replacing all the fixtures in Concord's two downtown parking structures plus approximately 1,500 streetlights along major arterial roads with more

Transmittal Letter

efficient lights (project 2141); and (B) preparation and adoption of a Climate Action Plan and Policies for Project 2011 CNWS..

Number: 129
Authority: Council Motion
Effective: 6/23/98
Revised: 6/24/03
Reviewed: 2004
Initiating Dept.: CM

BUDGET AND FISCAL POLICIES

1. PURPOSE

To guide City budget decisions toward maintaining long-term financial stability, to ensure that basic City services are delivered, and to protect past and future investments in the City's infrastructure and facilities.

2. ADOPTION AND REVIEW

A set of policies were originally adopted in 1995 with the initiation of long-term financial planning for the City. The policies set a course to achieve financial stability. With implementation of the original policies, financial stability for the City has been attained and this document revised to establish a more comprehensive approach to budget and fiscal policies to ensure that the City maintains its financial stability long into the future. Each year at the time the City budget is considered, the City Council shall review the Budget and Fiscal Policies and conduct a review of the proposed budget for consistency with these Budget and Fiscal Policies.

3. POLICIES

3.1 10-Year Financial Planning

- 3.11 City Manager will present a budget (Capital and Operating) that is balanced over the 10-year planning period for all funds.
- 3.12 Utilize the 10-Year Plan as the basis for making long-range financial planning decisions.
- 3.13 Maintain contingency reserves equal to 10% of designated operating expenses for the General Fund and the Enterprise funds.
- 3.14 Maintain a capital and operational fund to address unforecasted needs.
- 3.15 Develop and maintain a revenue monitoring and forecasting system to assist in trend analysis and revenue forecasting for the 10-year planning period.
- 3.16 Document all assumptions for revenue and expenditure forecasts each year.
- 3.17 Establish a financial plan for the Redevelopment Agency that ensures a positive cash balance at the end of the life of the Agency.
- 3.18 Seek reimbursement for State and Federal mandated programs and projects.
- 3.19 Conduct periodic audits for sales tax (point-of-sale), franchises and concessions, and transient occupancy tax (TOT).
- 3.110 Carefully review and discourage grants that may expand or add services without a reliable replacement revenue after the grant period ends.
- 3.111 Maintain an aggressive collection system for all accounts receivable.
- 3.112 Be alert to potential development of new revenue sources.

- 3.2 Performance-Based Budgeting (PBB)
 - 3.21 Establish the PBB as the City Council's service delivery policy document.
 - 3.22 Establish a PBB that measures service levels, efficiency and effectiveness.
 - 3.23 Follow the principles of outcome management in utilizing the PBB.
 - 3.24 Ensure all costs (direct and indirect) are charged against each program budget.
 - 3.25 Measure work efficiency and effectiveness to ensure an optimal allocation of human and fiscal resources to budget approved services and programs.
 - 3.26 Ensure all operating programs have measurable performance objectives which identify the service and level of service, and the resources required to accomplish the objectives.
 - 3.27 Complete year-end reports and audits to measure the work accomplished against what was planned at the beginning of the fiscal year and evaluate future service levels.
- 3.3 Capital Improvement Program (CIP)
 - 3.31 Develop a 10-year plan for CIP.
 - 3.32 Seek grants for needed capital projects which can offset use of other City funds, which can then be utilized for other needed projects.
 - 3.33 Maintain capital improvements to the level required to adequately protect the City's capital investment and to minimize future maintenance and replacement costs.
 - 3.34 Include resources required to maintain and operate new capital improvements commencing the year the project is completed and continuing through the balance of the 10-Year Plan.
 - 3.35 Ensure capital budgets contain all costs to complete the project (design, right-of-way, construction, inspection, contract management, contingency).
 - 3.36 Ensure all proposed projects in the 10-Year Plan have a viable source of funding for both construction and maintenance.
 - 3.37 Fund projects proposed for Enterprise programs by revenues derived from user fees.
 - 3.37 Encourage pay-as-you-go financing of capital improvements where feasible.
- 3.4 Internal Service Funds
 - 3.41 Maintain Internal Service Funds for Workers' Compensation, Risk Management, Storm Water, Fleet Maintenance and Replacement, Technology Maintenance and Replacement (including all computer/software and communications equipment), Building Maintenance and Replacement, and Miscellaneous/Office Equipment Maintenance and Replacement.
 - 3.42 Maintain a 10-year financial plan for all Internal Service Funds.
 - 3.43 Include cost of operation, maintenance and replacement in the 10-year financial plans.
 - 3.44 All costs (operation, maintenance and replacement) associated with each Internal Service Fund will be charged to the appropriate user department.
 - 3.45 Maintain equipment and facilities to the level required to adequately protect the City's investment and to minimize future maintenance and replacement costs.

- 3.5 Enterprise Funds
 - 3.51 Maintain a 10-year financial plan for all Enterprise Funds.
 - 3.52 All costs associated with providing administrative support (finance, personnel, legal, etc.) shall be charged to the appropriate Enterprise Fund.
 - 3.53 Periodically review market driven enterprise operations for partnerships, sponsorships and other mutually beneficial business development opportunities.
 - 3.54 The cost of each enterprise shall be completely offset by user charges and fees derived from the enterprise activity. Costs shall include operating, maintenance, capital, debt service, contingency and administrative costs.
 - 3.55 Periodically review and adjust user fees in order to avoid large one-time fee increases. For Golf the review should include the market established for similar services.
 - 3.56 Periodically review concession agreements, lease agreements and all other revenue generating agreements in order to determine if the City is receiving a return that reflects the market for similar agreements.
- 3.6 Investment Policies/Financial Practices
 - 3.61 Maintain an Investment Policy consistent with established regulations and guidelines. Said policy is to be reviewed each year by the City Council.
 - 3.62 The Investment Policy shall address safety, liquidity and yield.
 - 3.63 Limit use of debt to minimize future commitment of the fiscal resources of the City and its taxpayers.
 - 3.64 Debt payment should not exceed the anticipated useful life of an improvement, and in no case should it exceed 30 years.
 - 3.65 Maintain accounting systems and financial management practices in accordance with generally accepted accounting principles, so as to result in an unqualified opinion from the City's independent auditor.
- 3.7 Two-Year Operating and Performance Based Budget Adoption
 - 3.71 Beginning with the fiscal year 2001-02 budget, a two-year budgeting cycle for the operating and Performance Based Budget will be initiated. The first year of the cycle will be adopted as shown in the operating and Performance Based Budget document. The second year will be adopted with a Cost of Living Index adjustment to be identified with consideration of the second year budget approvals.
 - 3.72 Budget review for the second year of the cycle will be focused on changes to the base year operating and Performance Based Budget, such as service level adjustments and new programs.
 - 3.73 Full review of revenue assumptions and preparation of the Capital Improvement Program and Ten-Year Plans on all funds will continue to be done annually.
 - 3.74 The City Council will hold public hearings and formally approve a budget for the City annually.
- 3.8 Reserve Funds

- 3.81 An aggregate reserve, in addition to the 10% operating contingency, will be established and maintained at a level not less than equal to 20% of the General Fund total operating budget. The reserve shall be determined to be fully funded when 20% of the General Fund operating budget can be maintained as the reserve projected balance at the end of each fiscal year and funded within the approved General Fund Ten-Year Plan.
- 3.82 Reserve funds will have four subaccounts: the Economic Contingency Reserve, the Unforecasted Reserve, the Capital/Maintenance Reserve, and the Benefits Reserve.
- 3.83 Reserve funds will be built and replenished as necessary to maintain full funding of the minimum reserve through regular annual contributions at least equal to 4% of the General Fund operating budget. The City Council will annually review and approve the distribution of reserve contributions among the four subaccounts as part of the budget process.
- 3.84 The City Council may act to override the individual purposes of some or all of the four subaccount reserves in the face of a major economic crisis of calamitous dimensions and draw on reserves to maintain the City's fiscal stability. In such a case the Council will take formal action determining that multiple adverse factors exist that warrant this exceptional use of one or more of the subaccount reserve funds.
- 3.85 The Economic Contingency Reserve is to be made available by Council appropriation to meet unanticipated needs caused by State or Federal redirection of City resources, general economic downturns, or reductions in operating revenues.
- 3.86 The Unforecasted Reserve is to be made available by Council appropriation to continue services if State, Federal or other grant funding sources are lost, and to offset the costs of unanticipated, unfunded governmental mandates.
- 3.87 The Capital/Maintenance Reserve is to be made available by Council appropriation to meet unanticipated, unscheduled and or unprogrammed capital and maintenance needs of City infrastructure and facilities. This reserve is intended to be used for major capital repair where facility failure, unexpected hazards, or destruction of City property has occurred and where repair or replacement is not planned within the established capital, operations or internal replacement funds. The threshold for work meeting this intent will be the same dollar amount as the threshold set for inclusion of projects in the City Capital Improvement Program.
- In exceptional circumstances and where adequate funding sources are not available, the City Council may consider appropriation of Capital/Maintenance Reserve funds for a new capital improvement. When making such an appropriation, the City Council will first determine that the maintenance and operating costs of the new project can be fully supported in the Ten-Year Plan in accordance with Policy 3.33.
- 3.88 The Benefits Reserve Fund is available to support unplanned costs and obligations of existing employment benefits. The Benefits Reserve is not intended for use to enhance benefits negotiated through the collective bargaining process that require City Council approval.

California Society of
Municipal Finance Officers

Certificate of Award

For

Excellence in Capital Budgeting

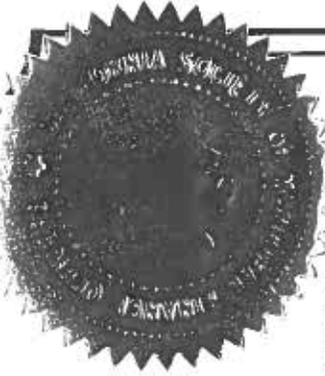
Fiscal Year 2007-2008

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

City of Concord

For meeting the criteria established to achieve the Excellence Award in CAPITAL BUDGET CATEGORY.

March 6, 2008



Brad Grant

Brad Grant
CSMFO President

Cindy Gerlach

Cindy Gerlach, Chair
Budgeting and Financial Reporting

CITY OF CONCORD

CIP/TIP CALENDAR 2009-2010

ACTION ITEM NUMBER	DATE	DESCRIPTION
1	9/9/08	Building Engineering & Neighborhood Services (BENS) and Finance draft CIP/TIP process schedule.
2	9/15/08	Finance and BENS meet to discuss and prepare for the first meeting with the Parks, Recreation & Open Space Commission (PROSC) scheduled for October 8, 2008.
3	10/8/08	First meeting with PROSC. New project proposals for the first draft of the CIP/TIP.
4	11/4/08	City Manager (CM), BENS and Finance hold Kick-Off Meeting with Department Heads and Project proponents to provide guidance (CM) and instructions on schedule and process (BENS & Finance). CIP/TIP meeting immediately following the operating meeting.
5	11/12/08	Project proponent departments meet with BENS and Finance to discuss operating costs.
6	11/17/08	Draft 1 input forms due, including updates and new project proposals. Carry-over projects should show any changes/additions to funding. Current projects which will be completed by June 30, 2009 need to be identified so they can be removed from Draft 1.
7	12/1/08	Draft 1 CIP/TIP to Printing.
8	12/9/08	Draft 1 CIP/TIP binder to CIP/TIP Committee.
9	12/17/08	BENS, Public Works (PW), Planning & Economic Development (P&ED), and Finance meet to update revenue assumptions. (Developer Fees)
10	12/19/08	CM & CIP/TIP Committee meet to review Draft 1 of the CIP/TIP.
11	2/27/2009	Draft 2 Input forms due.
17	3/10/2009	Draft 2 CIP/TIP to Printing.
18	3/13/2009	Draft 2 to CIP/TIP Committee.
19	3/18/09	CM & CIP/TIP Committee meet to review Draft 2 of the CIP/TIP.
20	Coordinate Cash Flows	CIP/TIP cash-flows are coordinated with General Fund Operating, Redevelopment and CDBG budgets continually as part of the budget process.
21	3/20/2009	Final Changes for the Proposed Draft due. Database will be locked out after this date and no more changes will be made.

CITY OF CONCORD

CIP/TIP CALENDAR 2009-2010

ACTION ITEM NUMBER	DATE	DESCRIPTION
22	4/1/09	Proposed CIP/TIP to Printing
23	4/17/09	Proposed CIP/TIP to CM & CIP/TIP Committee, City Council and Planning Commission. Prepare memo for Parks, Recreation & Open Space Commission (PROSC) Hearing.
24	5/1/09	Report and Proposed CIP to PROSC. Prepare agenda report for Planning Commission Hearing
25	5/4/09-5/5/09	Council Budget Workshop. (5/5/09 only if needed)
26	5/13/09	PROSC Hearing.
27	5/15/09	Begin follow-up actions per Council and CM direction. Redraft as needed for next public hearings.
28	5/20/09	Planning Commission Hearing
29	6/1/09	Council Hearing - 1 st Public Hearing regarding CIP/TIP proposal.
30	6/15/09	Council Hearing - 2 nd Public Hearing, CIP/TIP Adoption.
31	6/16/09	Redraft CIP/TIP as needed per 06/15/09 hearing and adoption.
32	7/1-8/15/09	Publish & distribute, Adopted CIP/TIP.