



**CITY COUNCIL AGENDA REPORT**  
**REPORTS**  
**AGENDA ITEM NO. M.1.**

**DATE:** April 2, 2019  
**TO:** City Council  
**FROM:** Rosemarie Gaglione, Public Works Director, (805) 385-8055, rosemarie.gaglione@oxnard.org  
**SUBJECT:** Five Year Capital Improvement Program and Use of Bond Proceeds. (30/10/20)

**RECOMMENDATION**

That the City Council:

1. Select which projects to fund from the Draft 2019-2024 City of Oxnard Five Year Capital Improvement Program ("CIP");
2. Adopt the 2019-2024 City of Oxnard Five Year Capital Improvement Program; and
3. Approve the proposed list of non-CIP redevelopment bond proceeds projects and appropriate funding to these projects. (By the time this item is posted for City Council, the CIP will not have yet gone to the Public Works and Transportation Committee for review. It goes to the Committee on March 26, 2019. Staff will provide a report to the Council at a later date regarding the recommendation of the Committee.)

**BACKGROUND**

The purpose of a capital improvement program (CIP) is to provide an overview of the City's current and reasonable anticipated construction and repair needs over the next five years. Oxnard's CIP contains projects to restore the City's facilities, and each project must have a cost of \$100,000 or more, including design, environmental review, and construction. The CIP currently has approximately 200 projects listed, and the total cost of all projects, not including prior appropriations, is approximately \$480.5 million. The CIP does not address maintenance activities, which are included in operation and maintenance budgets, or the rehabilitation of all of the City's assets; repairs to a city's fleet, for example, are not typically included in a CIP. Examples of projects that the CIP includes are:

- Construction and major alterations of buildings
- Information technology (IT) hardware (but not software)
- Pipeline replacement
- Playground structure replacement
- Street rehabilitation
- Traffic signal hardware installation
- Wastewater Treatment Plant electrical work

Planning over a five year horizon is critical for budgeting resources – both human and financial. Adopting a CIP allows staff to schedule projects according to anticipated revenues and workload capacity. This also makes the Council's priorities clear to staff as grant opportunities arise.

A CIP is a five year projection and plan. It is possible that next year new projects could be added as unforeseen

problems arise.

### The Housing Authority's CIP

The Housing Authority adopts its own CIP with its annual plan per federal regulations. Those projects are not listed in this CIP, except for two projects where the Housing Authority had insufficient funding. The Housing Authority's CIP includes projects to bring facilities into disability law compliance, update kitchen cabinets, fix plumbing cleanouts and drain lines, resurface parking lots and walkways, and reroof and rehabilitate the community center. These projects will take place at various sites.

### Challenges

The City faces a number of challenges when it comes to maintaining our assets.

- **Aging Infrastructure:** The City of Oxnard is over 100 years old, and much of our infrastructure is old. Roads, storm drains, utilities and buildings all have a limited service life. The City's assets have aged but funding has not been reinvested to keep our assets in good condition.
- **Competing Costs:** The City has grown during its lifetime and, thus, has required increases in City services, especially in the areas of public safety, and an expansion of public infrastructure. These costs compete with each other for funding.
- **Deferred Maintenance:** Past budgets have not kept up with maintenance and replacement of the City's physical assets. Repairs and replacement of buildings, vehicles and equipment are being addressed on an emergency basis. This is not cost effective.
- **Unassessed Capital Deficiencies:** An inventory of the condition of the City's physical assets is needed to identify all capital needs. Many of these assets have surpassed their useful lives but are still in service. The inventory will identify the physical condition of each asset and will recommend maintenance or replacement.
- **Lack of dedicated funding:** Capital improvements are financed using cash (pay-you-go), borrowing or grants. Plans and strategies for financing capital projects are needed. Future budgets will have to address the needs for capital dollars as well as maintenance funds to preserve the City's assets and extend their useful service lives.

### Project Prioritization

Since there are more needs than there is funding to meet those needs, projects must be prioritized. Staff prioritized as follows:

- **Priority 1 (Health and Safety):** These projects are needed to maintain or improve human health or safety. An example is the Rice Avenue and Fifth Street Railroad Grade Separation project. This location has a history of vehicle versus train collisions, and this project will eliminate that potential. Certain projects that keep the Wastewater Treatment Plant from malfunctioning are related to health, as untreated sewage can lead to critical impacts. Some of the Fire and Police projects fall into this category as well.
- **Priority 2 (Asset Preservation):** These projects are needed to maintain or protect our existing assets. An example are the street paving projects. Our pavement management program aims to pave our poorest condition and arterial roads first. Waiting until the pavement fails is much more costly.
- **Priority 3 (New or Expanded Services):** These are projects that create something new, like a new park, or increase the capacity of existing facilities, like large water or sewer lines.

Within these priorities, staff also considered:

- **Grant Funding:** If there is already grant funding available, there is a deadline for constructing the project. We never want to lose money, so these projects are given priority over projects for which the only funding source is General Fund or Measure O.
- **Urgency:** Priority 2 (Asset Preservation) is a large category, but some of these projects are more urgent than others. An example would be sewer manholes. Over time, sewer gases like hydrogen sulfide eat away at the concrete and steel in the structure, and the manholes need to be replaced.
- **Staff Capacity:** Even if there were enough money to complete all of these projects, there would not necessarily be enough staff to manage all projects. Once projects were prioritized, the list of projects was balanced against available staff resources, also taking into consideration what contract services could be enlisted to complete each project.
- **Project Balance:** There are needs all over the City. The City cannot just focus on roads and let buildings fall apart or favor Fire Department projects over Police Department projects. Some consideration must be given to balancing competing concerns.

### Programming of Redevelopment Bond Proceeds

As part of the CIP process, staff is recommending funding eligible CIP projects with the redevelopment bond proceeds. In a series of actions taken by the former Oxnard Community Development Commission in November 2006, separate tax allocation bond measures were approved for the Historical Enhancement and Revitalization of Oxnard (HERO), Ormond Beach, and Southwinds Project Areas (the “Project Areas” - see Attachment C). These bonds were required to be used to provide financing for redevelopment activities in these Project Areas and are collectively referred to as the Bond Proceeds. In November 2014, through a series of approvals and an agreement, the Successor Agency transferred the Bond Proceeds to the City. The bond documents allow a broad range of activities to be undertaken in the Project Areas. Expenditures are restricted to the geographic boundaries of each Project Area for which the bonds were sold. As of September 2018, the City has the following amounts of Bond Proceeds, including investment earnings thereon, on deposit in the respective redevelopment funds:

<b>Project Area:</b>	<b>Fund Balance:</b>
HERO	\$5,623,301
Ormond Beach	\$3,641,109
Southwinds	\$99,905

Staff is proposing that some of these Bond Proceeds be used toward CIP projects. For example, there are building improvements at the South Oxnard Center, Police Activities League (PAL) Facility, Council Chambers, and park improvements at Cypress Park. Additionally, staff has identified five more projects outside of the CIP that can utilize these Bond Proceeds. Those projects include park improvements, ADA improvements, and land acquisition for the expansion of the Advanced Water Purification Facility. See Attachment D for the list of proposed Bond Proceed projects.

### The CIP Development Process

Staff navigated a rigorous process to prepare the CIP, as follows:

1. Departments identified necessary capital improvements and submitted those to the CIP working group. The departments clarified the requested scope of work, and Public Works staff confirmed the requested repair or change would be the right fix for the problem.
2. Staff reviewed projects for conformity with the General Plan and other needs assessments. For example, bicycle facility projects need to be in conformance with the Bicycle and Pedestrian Master Plan.
3. Staff verified cost estimates and determined priorities for funding. Public Works staff developed

independent cost estimates to ensure the accuracy of the provided estimates.

4. Staff prepared the introductory portion of the CIP document to give a broad overview of the proposed projects in a greater context of City needs.
5. Staff presented the CIP projects to the Planning Commission on March 7, 2019. In accordance with Section 65401 of the Government Code, the Planning Commission found all CIP projects to be in conformance with both the City of Oxnard 2030 General Plan and the City of Oxnard Local Coastal Plan. The Planning Commission's adopted resolution making this finding is attached to this staff report.

Presenting to this Committee is the sixth step in this process, and if so recommended, the final step will be to present the CIP to the City Council for adoption.

## **DISCUSSION**

The CIP explains where the City is in terms of many assets and needs, what a capital program and project are, how projects were selected and prioritized, and how projects are financed. The document highlights examples of projects by funding source, Council district and fiscal year. All projects are sorted in the appendices in the following ways:

- By fiscal year, then funding source
- By fiscal year, then by district
- By fiscal year alone
- By fiscal year, then by priority

The projects are organized into six categories: buildings, information technology (IT), parks and open space, seawalls, transportation and drainage, and utilities. Each category has a different icon on the top right of the project sheets and a related color. Within each category, the projects are listed alphabetically. The project sheets include, per project:

- The project title
- Location
- Council district(s) impacted (or a project may have citywide benefit)
- Project description
- Purpose and need
- Relevant category and goal of the General Plan
- Fiscal years the project will span
- Funding source and cost estimate
- Priority level
- Name, photo and contact information for the Project Manager

In addition to determining the appropriateness of the use of Bond Proceeds as recommended, the task of the Public Works and Transportation Committee is to recommend, and later the Council to determine, which CIP projects should be funded in which fiscal year. Though this is a five-year CIP, the only projects that the Committee is recommending, and the Council is approving for funding, are those in 2019-20. The projects funding for 2019-20 will be integrated into the City's 2019-20 budget. Projects in later years will return in future annual CIPs.

Of the projects proposed for 2019-20, the City has funding to complete such projects, other than projects listing the General Fund or Measure O; in those two instances, there is such funding, but these projects compete with other City needs, so the Committee will need to recommend, and the Council will ultimately decide which of these projects to fund. Staff recommends that the Committee focus on Priority 1 projects.



## **STRATEGIC PRIORITIES**

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

## **FINANCIAL IMPACT**

Whatever projects Council ultimately determines to be within its adopted CIP will be included in the City's budget. Upon approval by both Committee and City Council, Bond Proceeds totaling \$5,623,301 in the HERO Project Area, \$3,641,109 in the Ormond Beach Project Area, and \$99,905 in the Southwinds Project Area will be made available to fund the Projects as identified in this report.

## **COMMITTEE OUTCOME**

By the time this item is posted, it will not have yet gone to the Public Works and Transportation Committee for review. It goes to the Committee on March 26, 2019.

*Prepared by: Rosemarie Gaglione, Public Works Director, Shiri Klima, Deputy City Manager*

## **ATTACHMENTS**

1. Attachment A - Planning Commission Reso 2019-08
2. Attachment B - Draft 2019-2024 City of Oxnard Five Year Capital Improvement Program
3. Attachment C - Map for Use of Bond Proceeds
4. Attachment D - Projects Funded with Bond Proceeds

## **RESOLUTION NO. 2019-08**

### **A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF OXNARD FINDING THAT THE PROPOSED 2019-2024 CITY OF OXNARD FIVE YEAR CAPITAL IMPROVEMENT PROGRAM IS IN CONFORMITY WITH THE 2030 GENERAL PLAN AND COASTAL LAND USE PLAN**

**WHEREAS**, the City of Oxnard proposes to adopt the 2019-2024 City of Oxnard Five Year Capital Improvement Program (the “CIP”); and

**WHEREAS**, the CIP is designed to serve as both a financial and project planning document; and

**WHEREAS**, Government Code Section 65401 requires that the Planning Commission review all capital projects that will be planned, initiated or constructed during the ensuing fiscal years for conformity with the General Plan and Local Coastal Land Use Plan; and

**WHEREAS**, Government Code Section 65402 requires that real property acquisition or disposition, street vacation or abandonment, public building or structure construction be consistent with the General Plan and Local Coastal Land Use Plan as to location, purpose and extent; and

**WHEREAS**, the CIP identifies various potential public projects, which are consistent with the 2030 General Plan and Local Coastal Land Use Plan; and

**WHEREAS**, the CIP is not a project subject to review under the California Environmental Quality Act (CEQA) because it can be seen with certainty pursuant to CEQA Guidelines Sections 15061(b)(3) and 15378 that there is no possibility that a determination of General Plan and Local Coastal Land Use Plan consistency may have a significant impact on the environment.

**NOW THEREFORE, BE IT RESOLVED** that the Planning Commission of the City of Oxnard reviewed the proposed 2019-2024 City of Oxnard Five Year Capital Improvement and finds the CIP conforms with the 2030 General Plan and Local Coastal Land Use Plan.

**PASSED, APPROVED, AND ADOPTED** by the Planning Commission of the City of Oxnard on this 7th day of March, 2019.

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Vincent Stewart, Chair

I hereby certify that the foregoing is a true copy of a Resolution adopted by the Planning Commission of the City of Oxnard at a meeting held on the 7th day of March, 2019, and carried by the following vote:

AYES: Commissioner(s): Huber,; Dozier; Chua; Frank; Fuhring; Sanchez; Stewart

NOES: Commissioner(s):

ABSENT: Commissioner(s):

ABSTAIN: Commissioner(s):

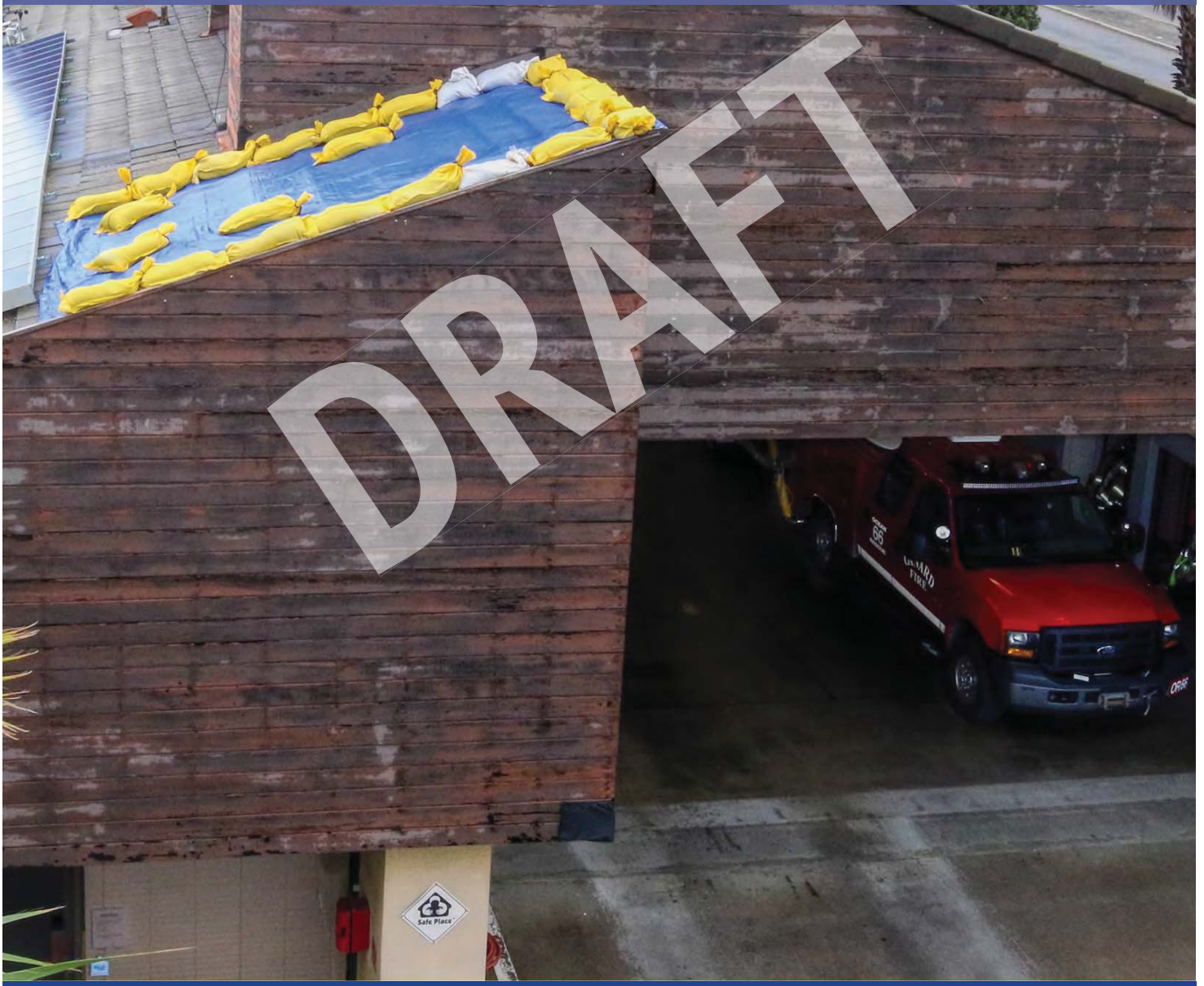
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Kathleen Mallory, AICP, Secretary

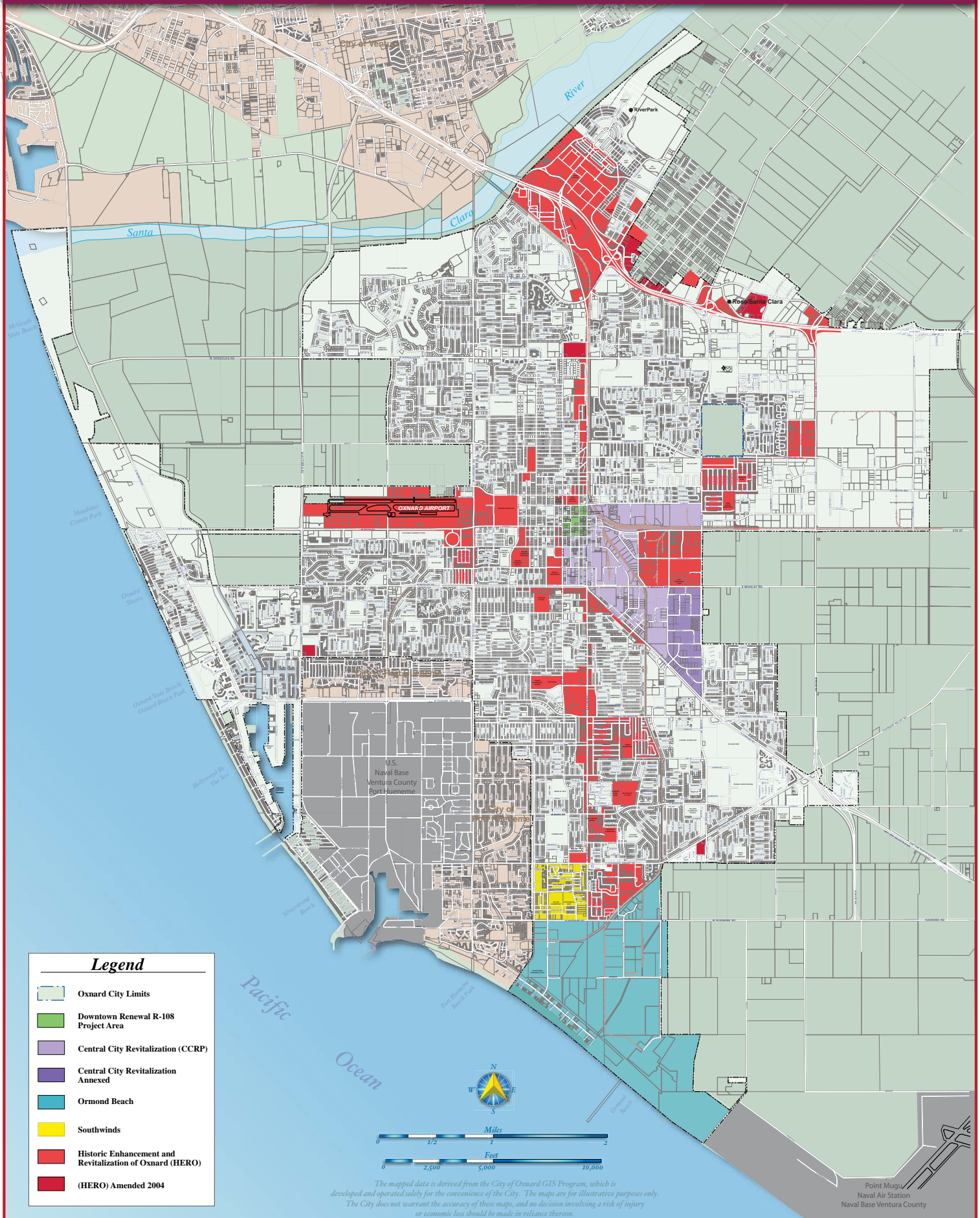
Due to size, the full version of this attachment is available at the Oxnard Main Library, the City Clerk's Office, and on the City's website: [www.Oxnard.org/City-Meetings](http://www.Oxnard.org/City-Meetings)

# PRESERVING THE CITY'S ASSETS

2019-2024 City of Oxnard  
Five Year Capital Improvement Program







## ATTACHMENT D

<b>Project Title</b>	<b>CIP Page</b>	<b>Recommended FY18-19</b>	<b>Funding Source</b>
Council Chambers Remodel	34	\$300,000	HERO
Oxnard PAL Facility Rehabilitation	43	\$2,298,700	HERO
Roof Replacement - PACC	51	\$250,000	HERO
Roof Replacement – South Oxnard Center	52	\$475,000	HERO
South Oxnard Center MPE Upgrade (including Fire System) & Other Repairs	55	\$250,000	HERO
Cypress (Garden City Acres) Park Improvements	66	\$350,000	HERO
Perkins Rd Street Resurfacing	86	\$500,000	Ormond Beach
Saviers Rd Street Resurfacing	148	\$1,100,000	HERO
AWPF Expansion Land Acquisition	N/A	\$3,141,109	Ormond Beach



## ATTACHMENT D

Beck Park Basketball Court Upgrades	N/A	\$99,905	HERO
Civic Center ADA Improvements	N/A	\$100,000	HERO
Southwinds Park Basketball Court Resurfacing	N/A	\$99,905	Southwinds
Thompson Park, Community Center Park, & Johnson Park Upgrades	N/A	\$399,696	HERO

Final version of this presentation will be available by 6:00 p.m. on Friday, March 29, 2019 at the City Clerk's Office and on the City's website: [www.Oxnard.org/City-Meetings](http://www.Oxnard.org/City-Meetings)

# FIVE YEAR CAPITAL IMPROVEMENT PROGRAM

Presented to:  
City Council

April 2, 2019

