



CITY OF MENIFEE

SUBJECT: Five-Year Capital Improvement Program Fiscal Year 2021-2022 through 2025-2026

MEETING DATE: July 7, 2021

TO: Mayor and City Council

PREPARED BY: Carlos Geronimo, Principal Engineer

REVIEWED BY: Rochelle Clayton, Assistant City Manager

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Conduct Public Hearing of the Proposed Five-Year Capital Improvement Program and Funding Plan FY2021-22 to FY2025-26
2. Approve by Resolution the Proposed Five-Year Capital Improvement Program and Funding Plan FY2021-22 to FY2025-26

DISCUSSION

The Capital Improvement Program (CIP) is a division of the City's Public Works and Engineering Department and tasked to plan, budget, manage, and deliver critical infrastructure projects throughout the City.

Capital Improvements are major physical projects undertaken by the City that are generally not recurring on an annual basis. They typically include acquisition of right-of-way, the construction and modification of buildings or facilities, public infrastructure construction or modifications, the purchase of major equipment and vehicles, the preparation of studies and plans associated with capital projects, and those projects funded with debt obligations. The projects in the CIP must be in conformance with the City's General Plan goals and objectives. The projects proposed by the CIP consist of eight (8) major categories:

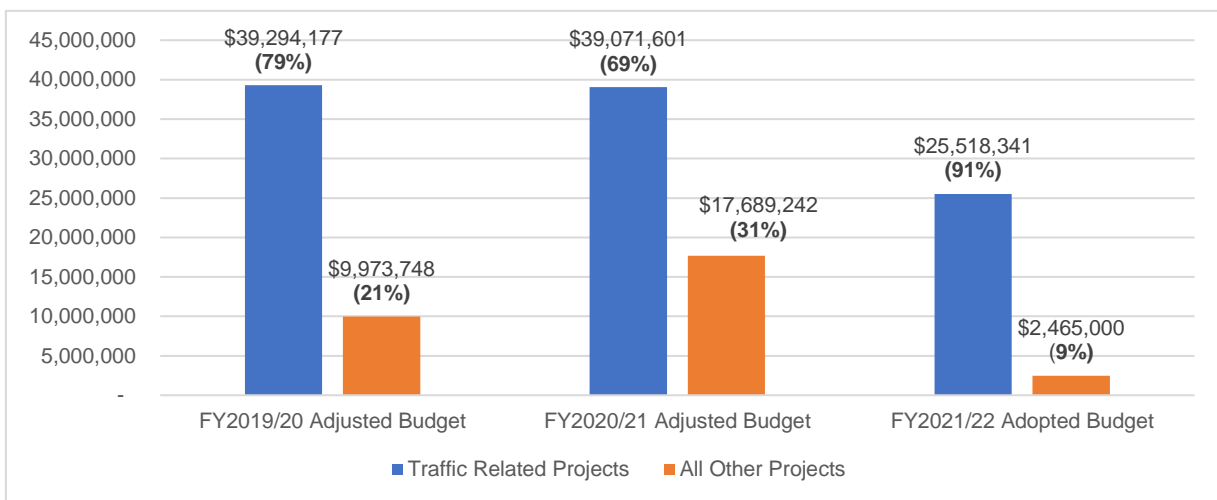
- Transportation Projects
- Traffic Signal Projects
- Street Improvement Projects
- Pavement Management Projects (resurfacing)
- Street Light Projects
- Drainage Projects

- Public Facilities
- Parks, Trails, and Recreation Projects (Community Services Department)

Recognizing the importance of proactively addressing the traffic needs of the growing Menifee community, the annual CIP program reflects a concerted investment of funding towards traffic related projects (transportation, traffic signals, pavement management, and street improvements). Over the past three (3) years the City's CIP program has included between 79% and 91% of the total respective fiscal year adopted budget (representing between \$12 to \$25 million in new funding allocations per year, and an average \$39 million in adjusted budget (incorporating mid-year budget adjustments (additional funding allocations) and/or carried forward funding for multi-year projects).

The table below provides a three (3) year summary of the CIP Program budget by Traffic Related Projects & All Other Project Categories.

TABLE 1: 3 Year CIP Program Traffic Related Projects & All Others Project Categories



The following tables provide a three (3) year historical summary by annual adopted budgets & updated adjusted budgets reflecting mid-year adjustments and budget carry forwards for multi-year funded projects as well as by CIP Project Category.

TABLE 2: 3 Year Adopted & Adjusted CIP Program Budget

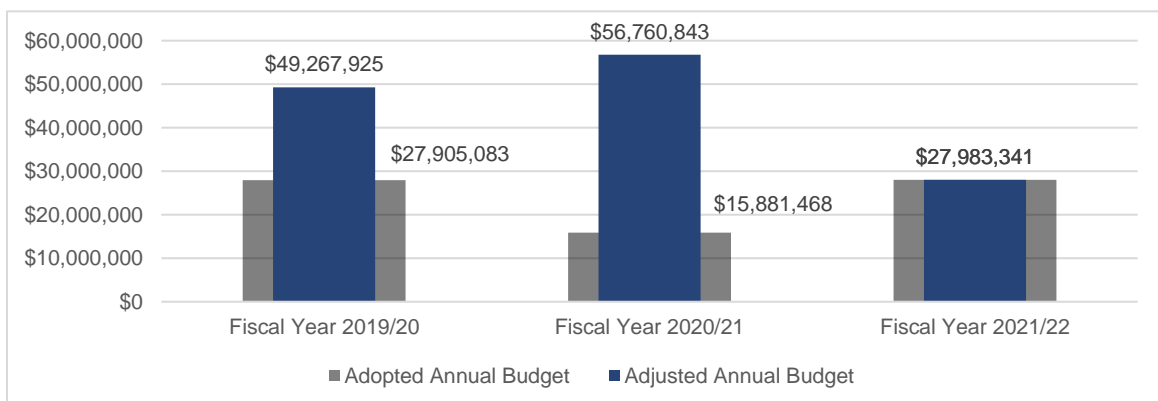
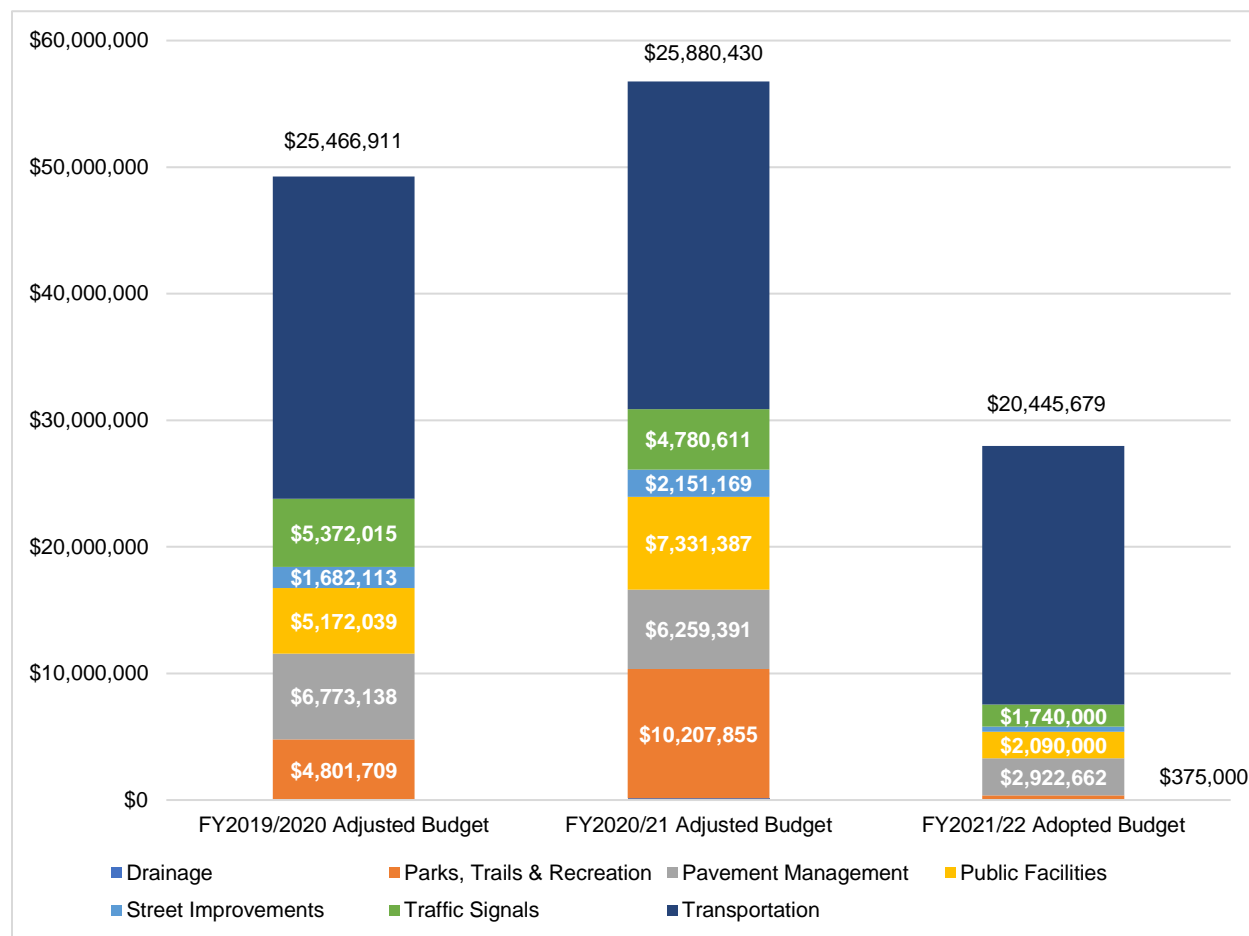


TABLE 3: 3 Year CIP Program Budget by CIP Project Category



Project Category	FY2019/20 Adjusted Budget	Percent (%) of Total	FY2020/21 Adjusted Budget	Percent (%) of Total	FY2021/22 Adopted Budget	Percent (%) of Total
Drainage	\$0	-	\$150,000	0.26%	\$0	0.00%
Parks, Trails & Recreation	4,801,709	9.75%	10,207,855	17.98%	375,000	1.34%
Pavement Management	6,773,138	13.75%	6,259,391	11.03%	2,922,662	10.44%
Public Facilities	5,172,039	10.50%	7,331,387	12.92%	2,090,000	7.47%
Street Improvements	1,682,113	3.41%	2,151,169	3.79%	410,000	1.47%
Traffic Signals	5,372,015	10.90%	4,780,611	8.42%	1,740,000	6.22%
Transportation	25,466,911	51.69%	25,880,430	45.60%	20,445,679	73.06%
	\$49,267,925	100.00%	\$56,760,843	100.00%	\$27,983,341	100.00%

The California Government Code Section 65401 requires the City to prepare a coordinated program (i.e., Capital Improvement Program) identifying projects recommended for planning, initiation or construction during the ensuing fiscal year.

Each year, the CIP division prepares and updates a comprehensive budget plan of proposed capital improvement projects for the upcoming fiscal year and the four years thereafter, which makes the Five-Year Capital Improvement Program. This document is a budgeting and fiscal planning tool used to determine the extent of future funding needs and existing sources of funding for City capital projects.

The five-year CIP provides a list of future capital improvements with detailed project descriptions, cost estimates, and the anticipated means and sources of financing for each project. The CIP has identified a total of 23 projects for the 2021-2022 Fiscal Year and 137 projects for the five-year period.

Below is a summary of changes since adoption of the FY 20/21 Five Year Capital Improvement Program and Funding on June 15, 2020:

TABLE 4: Summary of Changes to FY20/21 5 Year CIP Program

Project Name	FY 2020/21 CIP Book Approved + Proposed	FY 2020/21 Changes/ Corrections*	FY 2020/21 Ending Total	FY 2021/22 CIP Book Funding to Date
Holland Road Overpass	\$ 17,658,470	\$ 3,046,773	\$ 20,705,243	\$ 20,705,243
Bradley Road Bridge	\$ 1,647,732	\$ (102,406)	\$ 1,545,326	\$ 1,545,326
McCall Blvd/I-215 Interchange	\$ 852,230	\$ 2,596,271	\$ 3,448,501	\$ 3,448,501

*These include Mid-Year Adjustments, Signed TUMF Agreements, Rolled Purchase Order Timing Differences and Calculation Corrections

Staff has reviewed the new projects identified within the proposed five-year CIP for conformance with the City's General Plan. The projects identified in the CIP are consistent with the City of Menifee's General Plan policy and further the implementation of the General Plan.

Fiscal Year 2021/22 Budget Process:

In preparation for the recommendation of approval of the FY2021/22 CIP Program Budget included in this staff report, the following key steps were completed:

- **(JANUARY-FEBRUARY 2021) FY2021/22 through 2025/26 CIP Program Budget Process Kick-off:** Key interdepartmental meetings reviewing funding sources & identifying project needs.
- **(MARCH 2021) FY2021/22 through 2025/26 Draft CIP Budget:** Proposed budget & projects compiled in preparation for workshops.
- **(APRIL 19, 2021) FY2021/22 through 2025/26 CIP Program Workshop #1:** A dedicated public workshop was held to present the draft proposed CIP Program and related budget and projects, as well as provide an opportunity for Council and public input and participation.

- **(MAY 11, 2021) FY2021/22 through 2025/26 CIP Program Workshop #2:** A secondary dedicated public workshop was held to present the updated FY2020/21 CIP Program and related budget and projects, incorporating the feedback received from Workshop #1.
- **(MAY 12, 2021) FY2021/22 through 2025/26 CIP Program presented to Planning Commission:** The Five-Year CIP plan was taken before the Planning Commission on May 12th 2021 and was found to be in conformance with the General Plan goals and policies per resolution PC21-532 (attached).
- **(JULY 7, 2021) FY2021/22 through 2025/26 CIP Program Adoption Recommendation:** CIP Program presented to Council as a publicly noticed Public Hearing for Council adoption.

This year's budgetary process faced the challenge of social distancing requirements, resulting in public meetings, including Council meetings, required to be held virtually and/or as a hybrid of virtually and on site. To address these temporary restrictions, and maximize community participation and awareness of the CIP Program budget process, the City expanded the annual workshop from one to two (2) total workshops.

To be consistent and clear with the numbering system shown in the CIP book, staff is proposing revisions that will be implemented in FY 22-23.

Currently, the future projects listed in the CIP book, which are the projects proposed beyond the current Fiscal Year, are given a temporary number in the following format: **PW-TR-01**, where the first two letters (**PW**) correspond to the city department responsible for the project implementation, the next two letters (**TR**) correspond to the project category (there are a total of eight project categories), and the last two digits correspond to the order the project is listed (**01** to **99**).

As future projects become funded, they are given a specific project number as assigned by the Finance department in the following format: **CIP 13-03**, where **CIP** = **Capital Improvement Project**, the next two digits correspond to the fiscal year the project becomes funded (2012/2013 = **13**), and the last two digits correspond to the order the project was entered into the financial tracking system (**01** to **99**). Once a future project is funded and is assigned a CIP number, its corresponding temporary numbering system is recycled, and the entire list of projects re-numbered.

This numbering system has created confusion when tracking future projects as the numbering from one fiscal year do not correspond to the same projects in the next fiscal year. To avoid this confusion, staff will make the following revisions:

The future projects will be renumbered in the following format: **TR-20-01**; where:

- The first two letters correspond to the project category:
 - **TR** = Transportation
 - **TS** = Traffic Signal

- **SI** = Street Improvement
 - **SD** = Storm Drain
 - **SL** = Street Lighting
 - **PM** = Pavement Management (resurfacing)
 - **PF** = Public Facilities
 - **CS** = Community Services (Parks, Trails, and Recreation)
- The next two digits correspond to the Fiscal Year the project is added to the program (i.e. 2019/2020 = **20**, 2020/2021=**21**); and
 - The last two digits correspond to the order in which the project is added (**01** to **99**).

The future projects numbering will not be recycled and re-used, as it currently is, but will stay with the project until the project is funded, and a corresponding **CIP** number, provided by the Finance department, is given in the format stated above.

Capital Project Cost Estimates:

A capital project cost estimate is the forecasted cost associated with labor (staff, consultant, management, and construction), acquisitions, materials, and equipment that are required to complete the work within a specific schedule according to a scope of work defined by design documents.

When a project is first included in the CIP book, it is in a planning stage; the project goes through an assessment to determine a general scope of work that will accomplish the project need based on the information available at the time. Once the general scope of work is established, an estimate is prepared that considers consultant design services, construction, construction management, ROW acquisition, etc. using the parameters that are shown in the CIP book; the estimates are very general and conservative.

Once the project progresses to the design phase, estimates are prepared at different stages of the design process, typically at 30% (Preliminary design), 60%, 90% and 100% (final). With each revision, the estimate becomes more refined and detailed showing costs that are more representative of the actual scope of the work and current construction costs. There are other factors that affect construction estimates such as the COVID-19 pandemic, which has seen construction prices dramatically increase due to shortages of supply and large demands for those products.

The estimates shown in the CIP book are constantly updated to reflect the most current estimates and to account for other issues that affect construction costs as explained above. The reliability of capital project cost estimates at every stage of the project delivery process is vital for responsible project, program, and fiscal management.

ENVIRONMENTAL REVIEW

Staff has reviewed the list of projects identified in the CIP and determined that a number of projects will likely involve the need for preparation of environmental documentation in accordance

with the California Environmental Quality Act (CEQA).

The CIP is a prioritizing and funding allocation program and does not have the potential to cause a significant effect on the environment. No physical activity will occur until all required environmental review is conducted at the time the physical improvements prioritized in the Capital Improvement Plan are undertaken at a future unspecified date.

Accordingly, the adoption of this CIP is therefore exempt from the environmental review requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations.

In addition, adoption of the CIP is exempt from CEQA pursuant to Section 15262 of Title 14 of the California Code of Regulations which covers feasibility or planning studies related to possible future actions.

STRATEGIC PLAN OBJECTIVE

Accessible and Interconnected Community

FISCAL IMPACT:

There is no fiscal impact to the City from approving the Five-Year CIP plan. Individual CIP projects will be funded, as appropriate, at the time the project moves forward towards approval and implementation. The funding for the current fiscal year (FY 2021/2022) capital projects was included in the FY 2021/2022 Budget that was adopted by City Council on June 2, 2021.

ATTACHMENTS

1. Approved PC21-532 Resolution
2. FY 2021-2026 Council Resolution
3. City of Menifee 5 Year CIP plan (Draft)