

CIP Overview

Capital Improvement Program (CIP) Summary

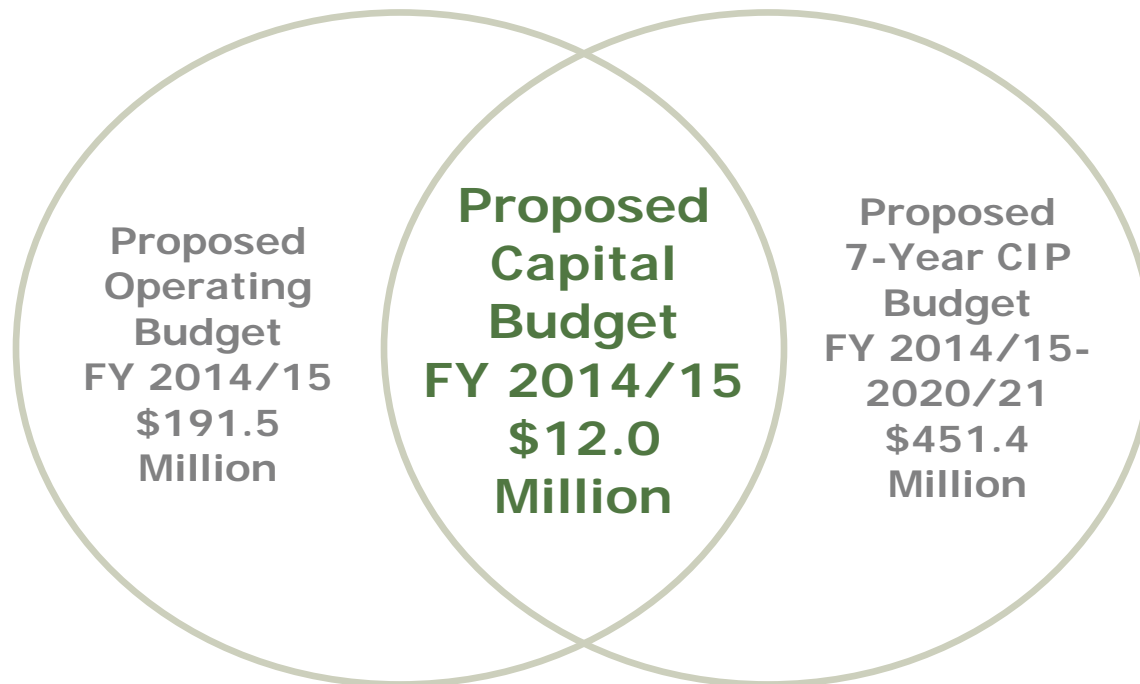
New Budget Year Activity

Seven-Year Plan

Capital Improvement Program (CIP) Summary

Government Code Section 66002 requires local agencies that have developed a fee program to adopt a Capital Improvement Program (CIP) indicating the approximate location, size, timing and cost estimate of all facilities or improvements to be financed by fees. The City of Fontana has such a fee program and is presenting this Seven-Year Capital Improvement Program (CIP) Budget document as an update of the infrastructure needs for the future.

The CIP is a separate document that is annually brought to the City Council for consideration. This document matches funding sources with capital expenditures over a seven-year schedule. The purpose of the CIP is to serve as a planning tool which coordinates the financing and scheduling of major projects undertaken by the City. The CIP has been prepared in accordance with generally accepted accounting principles (GAAP). This document is dynamic and, consequently, must be revised annually to address changing needs, priorities and financial conditions. The current year of the CIP is the funded portion and is referred to as the Capital Budget.



CIP Overview

Fiscal Year 2014/2015

A capital project involves the purchase or construction of major fixed assets such as land, buildings or permanent improvements including additions, replacements and major alterations having a long life expectancy. Generally, only those items costing \$10,000 or more are considered capital projects, and are divided into nine categories as follows:

- Flood Control & Storm Drain
- Major Corridor/Interchanges
- Open Space and Recreation
- Other Capital Project Improvements
- Public Buildings
- Sewer
- Streets
- Technology
- Traffic

Within the CIP, projects have been separated into the following project priorities:

- Priority 1:** Project is **essential** and should be started within the year.
- Priority 2:** Project is **necessary** and should be started within 1 to 3 years.
- Priority 3:** Project is **desirable** and should be started within 3 to 5 years.
- Priority 4:** Project is **deferrable** due to lack of funding or other reasons and is scheduled to start within 5 to 10 years.

Each project in the CIP has been assigned a unique identification number that will remain with the project throughout its life. The project identification number allows the City Council to track and monitor project status over multiple years.

Operating & Maintenance Cost Impacts

Projects in the CIP can have long-term impacts on the annual operating budget of the City. When a project is constructed that requires new or increased maintenance by the City, funds must be budgeted to cover these costs. Operating and maintenance costs can include labor, materials, equipment and utilities, as well as contracted cost for services. While these costs vary depending upon the specific project, listed below is the annual average cost per service for various operating and maintenance expenditures:

Street maintenance	\$3,200 per lane mile
Street sweeping	\$507 per lane mile
Facilities operation/maintenance	\$10.60 per square foot
Traffic signals	\$3,000 per signalized intersection
Parks maintenance	\$20,000 per acre

The funding sources to cover these operating/maintenance costs include:

- General Fund
- Facility Maintenance Fund
- Traffic Safety Fund
- Gas Tax Fund
- Landscape Maintenance Districts (LMDs)
- Community Facilities Districts (CFDs)

CIP Overview

Fiscal Year 2014/2015

New Budget Year Activity

As presented in the Operating Budget for Fiscal Year 2014-15, the new capital improvement project funding totals \$12.04 million for all categories of capital improvement projects reported by various City departments. This amount represents funding for both new and ongoing projects from a variety of funding sources. The following charts summarize the new budget year activity by project and funding source.

Funding Source		Amount (in thousands)
Other General Funds		
102	City Technology	\$834
Special Revenue Funds		
246	Measure I 2010-2040	1,710
281	Gas Tax (TCR replacement)	1,000
282	Solid Waste Mitigation	1,000
Capital Project Funds		
601	Capital Reinvestment	3,000
603	Future Capital Projects	1,500
622	Storm Drain	3,000
Total		\$12,044

Projects	Amount (in thousands)
New Projects	
Banana Storm Drain	\$3,000
Foothill Blvd Landscaping - Cherry to Hemlock	1,500
Traffic Signal - Foothill and Beech	1,000
Martin and Sierra Cul De Sac	360
Traffic Signal - East and Miller	250
Valley Blvd Median - Sierra to Vineyard	100
Ongoing Projects	
Pavement Rehabilitation	5,000
Hardware Replacement Program	834
Total	\$12,044

The potential budgetary impact of any proposed capital project is carefully considered as part of the capital improvement program review process. The recurring budgetary impact of a capital project is the anticipated project-related increase to the City's budget in the first fiscal year following completion of the project. These expenditures include additional personnel, operations and maintenance expenditures, recurring capital outlays and capital debt service. For example, a new community center will likely require additional staff as well as funding for utilities, maintenance and other similar costs.

Many projects are related to maintenance for and replacement of existing City facilities and infrastructure such as street and utility improvements or facility repairs and enhancement. These types of projects do not create significant budgetary impacts. Many of the smaller budgeted projects are components and cyclical replacement programs and also do not create significant budgetary impacts.

Annual operating costs for these projects to be included in the FY 2014-15 Operating Budget will be approximately \$76,000.

Pavement Rehabilitation

This project gets an annual allotment which varies depending on the availability of funds for ongoing work. Work typically occurs between May and October each year and includes street overlay and rehabilitation in various locations in the City. The City maintains a computerized pavement management system which is used to determine the priority for street projects.

FY 2014-15 funding:

\$5.00 million total funding

\$1.00 million from the Gas Tax Fund #281

\$1.00 million from the Solid Waste Mitigation Fund #282

\$3.00 million from the Capital Reinvestment Fund #601



Banana Storm Drain

This is a joint cooperative project with the County of San Bernardino to install storm drain improvements on Banana Avenue from Santa Ana Avenue to Jurupa Avenue. These improvements will intercept upstream drainage flows and route them through a new storm drain system. This project is consistent with the City's Master Storm Drainage Plan. The City will be the lead for design and construction. The project is currently in the planning stages with construction estimated to begin in November 2015. The estimated completion date is April 2016.

FY 2014-15 funding:

\$3.00 million from Storm Drain Fund #622

Foothill Blvd Landscaping – Cherry to Hemlock

This is a new project to install irrigation, landscape and plant material to the center median built in 2010 with the street improvement project. This project will improve the aesthetics of the community by completing the landscape improvements that were previously delayed due to lack of funding. Construction is estimated to begin in November 2014. The estimated completion date is June 2015.

FY 2014-15 funding:

\$1.50 million from Future Capital Projects Fund #603

Martin and Sierra Cul de Sac

This is a new project to construct sidewalk, curb and gutter to improve pedestrian traffic on Martin Avenue accessing Sierra Avenue. Right of way survey is currently scheduled to establish dedication requirements. Design is anticipated to begin in late July 2014. The estimated completion date is September 2015. The total project cost is \$360,000.

FY 2014-15 funding:
\$0.36 million from Measure I 2010-2040 Fund #246



Traffic Signal – Foothill and Beech

This is a new project to install traffic signal and lighting improvements warranted on the City-Wide Traffic Signal Priority List and included in Measure I Program. Project is currently in the planning stages, with design phase to begin July 2014. The right-of-way acquisition process is estimated to begin January 2015, with construction to follow in October 2015. The estimated completion date is April 2016.

FY 2014-15 funding:
\$1.00 million from Measure I 2010-2040 Fund #246

Traffic Signal – East and Miller

This is a new project to install traffic signal and lighting improvements warranted on the City-Wide Traffic Signal Priority List and included in Measure I Program. The design phase is projected to start in July 2014, with construction estimated to begin in January 2015. The estimated completion date is July 2015.

FY 2014-15 funding:
\$0.25 million from Measure I 2010-2040 Fund #246

Valley Blvd Median – Sierra to Vineyard

This project will modify the median to increase the left turn pocket length providing for better flow of one of the busiest intersections in the City. Project is currently in the planning stages with design estimated to begin in August 2014. Construction is anticipated to start in January 2015. The estimated completion date is August 2016.

FY 2014-15 funding:

\$0.10 million from Measure I 2010-2040 Fund #246

Hardware Replacement Program

This represents additional funding for an existing project to replace computers, servers, network equipment, etc. throughout the City as need on an ongoing basis. This project gets a periodic allotment which varies based on an annual inventory of technology equipment and warranty expiration dates.

FY 2014-15 funding:

\$0.83 million from City Technology Fund #102



CIP Overview

Fiscal Year 2014/2015

Seven-Year Plan

The Seven-Year Plan totals \$451 million for 113 projects for all categories reported by various City Departments. There are 36 projects classified as Priority One projects with a total cost of \$201 million. Of that amount, \$197 million is currently funded, and a significant portion of the remaining balance of \$4 million will be funded by other agencies in the future.

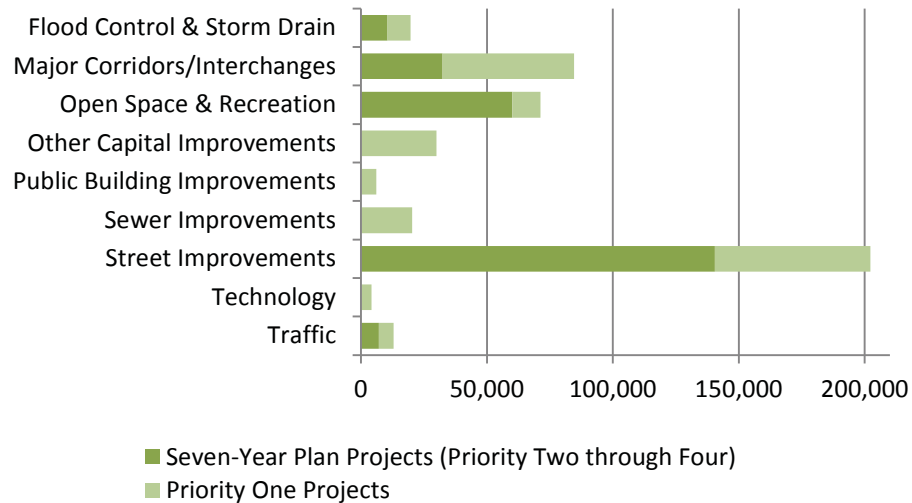
It was expected that a significant portion of the unfunded amount would be funded by the Redevelopment Agency. As a result of the elimination of redevelopment agencies as of February 1, 2012, the City is now working toward identifying alternative funding sources for those projects. In the interim, several of the City's priority one projects have been placed on hold.

Total Seven-Year Plan Projects

# of Projects	CIP Category	Amount (in thousands)
6	Flood Control & Storm Drain	\$ 19,663
12	Major Corridors/Interchanges	84,658
14	Open Space & Recreation	71,260
5	Other Capital Improvements	29,928
1	Public Building Improvements	6,085
2	Sewer Improvements	20,308
46	Street Improvements	202,270
1	Technology	4,192
26	Traffic	13,019
113	Total	\$ 451,383

Total Priority One Projects

# of Projects	CIP Category	Amount (in thousands)
3	Flood Control & Storm Drain	\$ 9,143
3	Major Corridors/Interchanges	52,201
2	Open Space & Recreation	11,100
5	Other Capital Improvements	29,928
1	Public Building Improvements	6,085
2	Sewer Improvements	20,308
8	Street Improvements	61,789
1	Technology	4,192
11	Traffic	5,893
36	Total	\$ 200,639



Schedule of Capital Expenditures by Category by Fiscal Year (in thousands)

Category	Completed	Carryover Funding	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021 & beyond	Total
Flood control & storm drain	\$3,262	\$3,392	\$3,000	\$-	\$-	\$-	\$-	\$10,009	\$-	\$-	\$19,663
Major corridors/ interchanges	44,254	3,731	-	7,843	15,420	6,915	6,495	-	-	-	84,658
Open space & recreation	6,054	1,240	-	-	-	-	-	4,216	47,530	12,220	71,260
Other capital improvements	4,197	24,131	1,500	100	-	-	-	-	-	-	29,928
Public building improvements	1,545	4,023	-	517	-	-	-	-	-	-	6,085
Sewer improvements	3,555	1,193	-	3,530	3,600	1,550	2,500	1,880	2,500	-	20,308
Street improvements	1,246	10,462	5,360	22,362	23,116	20,046	6,800	98,880	7,000	7,000	202,270
Technology	33	22	834	491	418	361	1,102	310	310	310	4,192
Traffic	627	4,891	1,350	4,800	1,350	-	-	-	-	-	13,019
Total	\$64,773	\$53,085	\$12,044	\$39,643	\$43,904	\$28,872	\$16,897	\$115,295	\$57,340	\$19,530	\$451,383