

CIP Overview

Capital Improvement Program (CIP) Summary

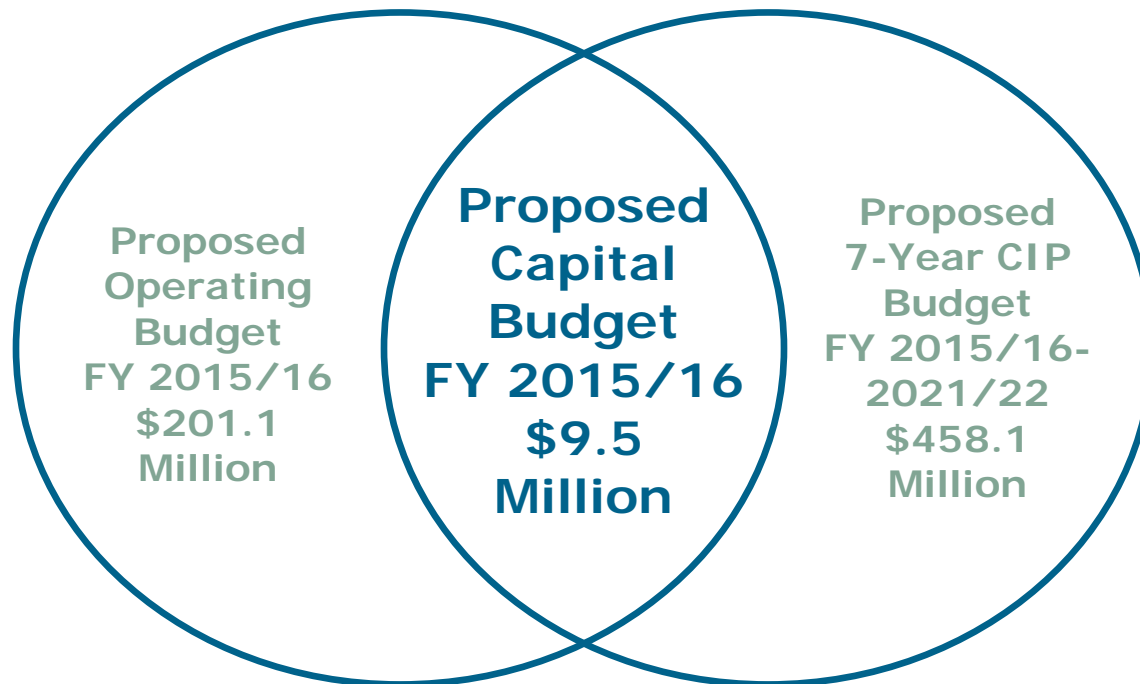
New Budget Year Activity

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.



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)

New Budget Year Activity

As presented in the Operating Budget for Fiscal Year 2015-16, the new capital improvement project funding totals \$9.51 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.

Projects	Amount (in thousands)
New Projects	
Bus Shelter Program	\$179
Emergency Operations Center Expansion	1,022
Sierra: Foothill-Baseline	818
Ongoing Projects	
Pavement Rehabilitation	5,000
Hardware Replacement Program	491
CDBG Sawtooth	500
Sewer Replacement Program	1,500
Total	\$9,510

Funding Source	Amount (in thousands)
Other General Funds	
102 City Technology	\$491
Special Revenue Funds	
241 Air Quality Management District	179
245 Measure I 2010-2040	555
281 Gas Tax (TCR replacement)	1,000
282 Solid Waste Mitigation	1,000
Capital Project Funds	
601 Capital Reinvestment	3,500
630 Circulation Mitigation	263
696 Fire Capital Projects	1,022
Enterprise Funds	
703 Sewer Replacement	1,500
Total	\$9,510

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 enhancements. 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.

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.

Annual operating costs for these projects to be included in the FY 2015-16 Operating Budget will be approximately \$60,000.

Pavement Rehabilitation

This project receives 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 2015-16 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



Sewer Replacement Program

The City maintains the sanitary sewer collection system. As the system ages, the need for rehabilitation or replacement can occur. This ongoing project funds sewer line replacement or improvements and lift station rehabilitation. Work occurs as video inspection and evaluations dictate, with optimum construction period occurring between May and October of each year.

FY 2015-16 funding:

\$1.50 million from Sewer Replacement Fund #703

Emergency Operations Center Expansion

This is a new project to expand the East Annex building on the west side of City Hall to provide for a permanent EOC designed specifically to meet the City's emergency response needs allowing this City to respond immediately to emergency situations with the necessary equipment and communication networks.

The design of this 2,100 square foot addition began in May 2015 and will take approximately six to eight months to complete. Construction is estimated to begin in March 2016. The estimated completion date is August 2016.

FY 2014-15 funding:

\$1.02 million from Fire Capital Projects Fund #696



Sierra: Foothill to Baseline

This is a new project to design improvements that will ultimately widen the street to six travel lanes and provide raised landscaped median and decorative traffic signals and lighting. These improvements are necessary to mitigate the impact caused by increased traffic congestion and improve the safety of motorist and pedestrian traffic in the area. The resulting shelf-ready plans will allow staff to seek grant funding and/or other funding to move the project forward at a later date. Design is anticipated to begin in July 2015, with construction targeted for 2018 - 2019. Funding is being provided for design only in the amount of \$818,000; total construction costs are estimated to be \$9.4 million and will be funded at a later date.

FY 2015-16 funding:

\$0.82 million total funding

\$0.56 million from the Measure I 2010-2040 Fund #245

\$0.26 million from the Circulation Mitigation Fund #630



CDBG Sawtooth

This is an ongoing project to install missing curb, gutter and sidewalks in all areas of the City, including CDBG areas, to increase mobility and improve safety for pedestrian traffic. Design for FY 2015-16 projects will begin in July 2015.

FY 2015-16 funding:

\$0.50 million from Capital Reinvestment Fund #601

CIP Overview

Fiscal Year 2015/2016

Bus Shelter Program

This is a new project to install approximately 30 additional bus shelters in various locations throughout the City to encourage the use of the bus system and thereby reduce traffic congestion and improve air quality. Project design is projected to start in October 2015, with construction estimated to begin in March 2016. The estimated completion date is June 2016.

FY 2015-16 funding:
\$0.18 million from Air Quality Management
District Fund #241



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 2015-16 funding:
\$0.49 million from City Technology Fund #102

CIP Overview

Fiscal Year 2015/2016

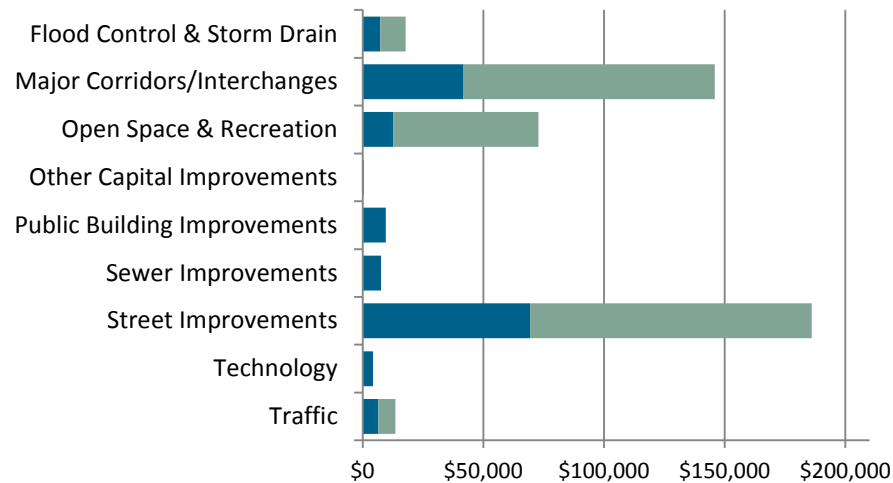
Seven-Year Plan

The Seven-Year Plan totals \$458 million for 109 projects for all categories reported by various City Departments. There are 36 projects classified as Priority One projects with a total cost of \$159 million. Of that amount, \$125 million is currently funded, and a significant portion of the remaining balance of \$34 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)
5	Flood Control & Storm Drain	\$ 17,764
10	Major Corridors/Interchanges	145,865
13	Open Space & Recreation	72,810
2	Other Capital Improvements	479
3	Public Building Improvements	9,601
2	Sewer Improvements	7,580
46	Street Improvements	186,085
1	Technology	4,266
27	Traffic	13,601
109	Total	\$ 458,051



■ Total Priority One Projects
 ■ Seven-Year Plan Projects (Priority Two through Four)

Total Priority One Projects

# of Projects	CIP Category	Amount (in thousands)
2	Flood Control & Storm Drain	\$ 7,245
2	Major Corridors/Interchanges	41,808
2	Open Space & Recreation	12,650
2	Other Capital Improvements	479
3	Public Building Improvements	9,601
2	Sewer Improvements	7,580
11	Street Improvements	69,348
1	Technology	4,266
12	Traffic	6,476
36	Total	\$ 159,453

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

Category	Completed	Carryover Funding	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Beyond	Total
Flood control & storm drain	\$3,282	\$3,973	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$10,509	\$17,764
Major corridors/ interchanges	36,172	7,425	-	-	-	7,843	7,540	1,850	6,350	78,685	145,865
Open space & recreation	6,148	46	-	-	3,000	6,000	3,200	-	-	54,416	72,810
Other capital improvements	-	300	179	-	-	-	-	-	-	-	479
Public building improvements	7,391	1,188	1,022	-	-	-	-	-	-	-	9,601
Sewer improvements	3,806	534	1,500	850	370	-	520	-	-	-	7,580
Street improvements	1,655	9,301	6,318	17,028	16,235	5,901	13,682	4,500	57,344	54,121	186,085
Technology	71	583	491	418	361	1,102	310	310	310	310	4,266
Traffic	809	6,892	-	3,150	1,400	1,350	-	-	-	-	13,601
Total	\$59,334	\$30,242	\$9,510	\$21,446	\$21,366	\$22,196	\$25,252	\$6,660	\$64,004	\$198,041	\$458,051