



Agenda Item

City Council

Item #: 6.1.

3/23/2021

File #: 21-0118

TO: Honorable Mayor and Members of the City Council

THRU: Rick Otto, City Manager

FROM: Will Kolbow, Assistant City Manager/Administrative Services Director

1. SUBJECT

First Study Session for the Proposed Fiscal Year 2021-22 Budget.

2. SUMMARY

This is the first study session in support of the preparation of the FY 2021-22 Budget. This study session is intended to provide the draft of the Five-Year Capital Improvement Plan for the period of FY 2021-22 through FY 2025-26.

3. RECOMMENDED ACTION

Receive and file the report and provide direction to staff.

4. FISCAL IMPACT

Fiscal impact will be determined with final budget adoption.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- b: Analyze future fiscal needs and potential revenue opportunities.
- c: Provide appropriate reserves.

Goal 4: Provide outstanding public service

- b: Provide facilities and services to meet customer expectations.

6. DISCUSSION AND BACKGROUND

This is the first study session in support of the preparation of the City's FY 2021-22 (FY 22) Budget and is intended to focus on the presenting the draft Five-Year Capital Improvement Plan for the period of FY 21-22 through FY 25-26.

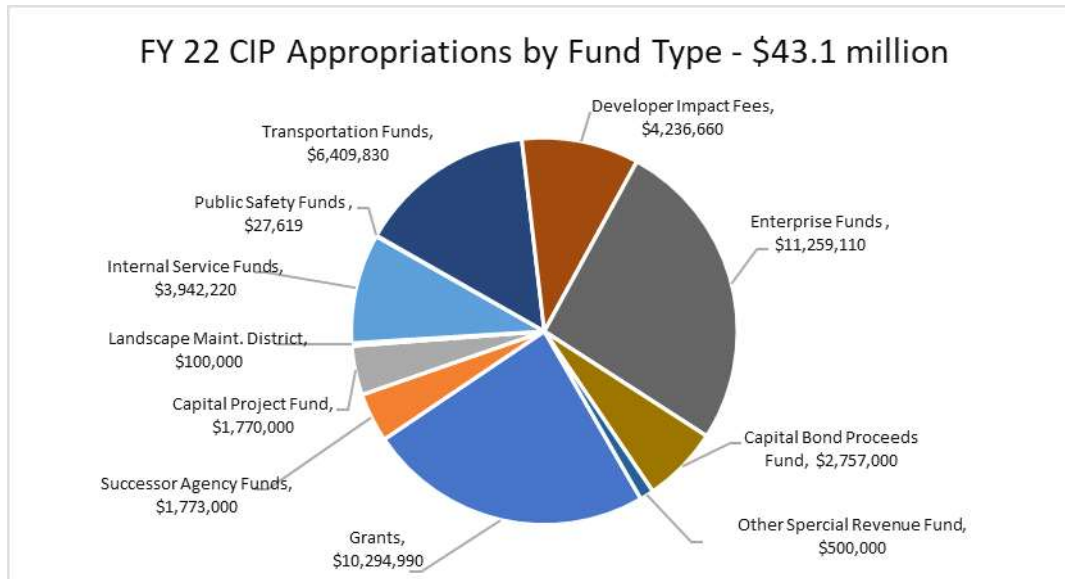
Introduction

The Five-Year Capital Improvement Plan (CIP) serves as a comprehensive budget and strategic planning tool used to determine the extent of future needs and identify sources of funding. Funding is provided by a variety of sources including development impact fees, transportation funds, grants, reimbursement agreements, and long-term financing.

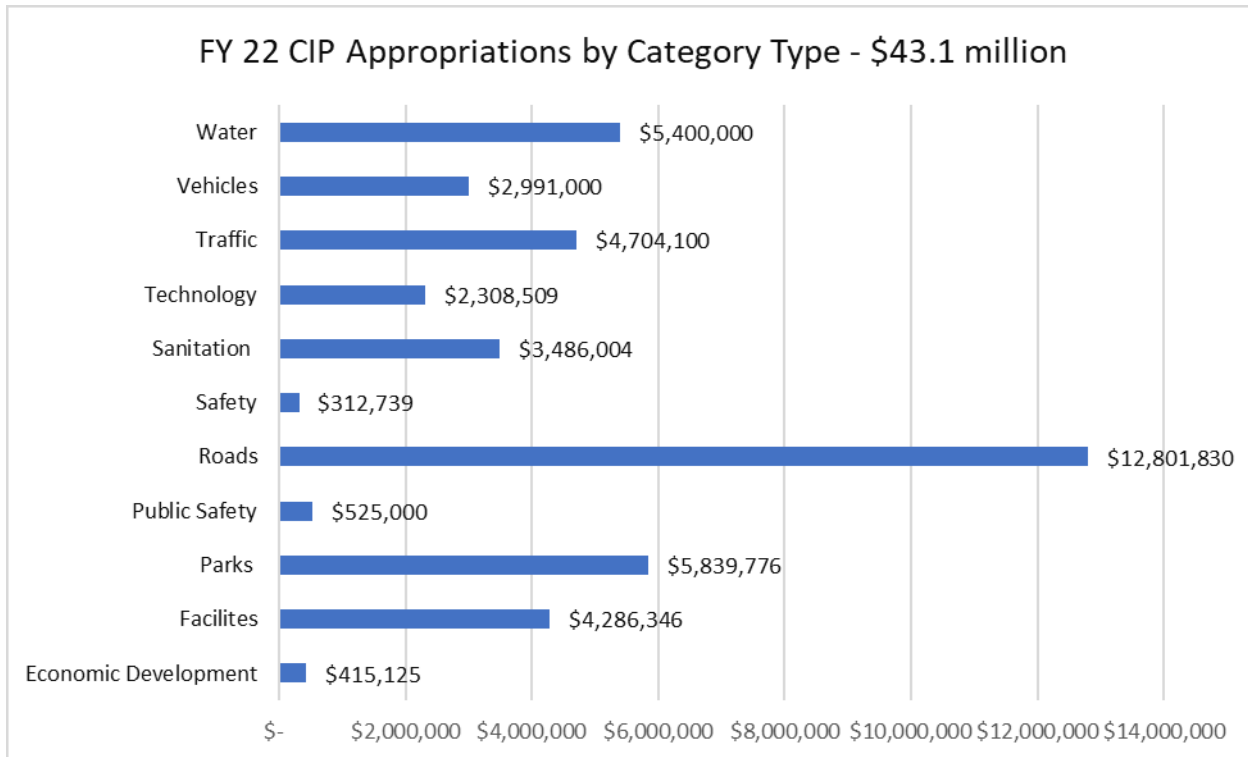
The City continues to provide its residents and businesses with much needed capital improvements and infrastructure. As in recent years, we will continue to maintain an increased level of capital improvement activity in Orange.

The FY 22 Five-Year CIP identifies 153 proposed projects. For FY 22 itself, there are 21 newly budgeted projects and 132 projects that are either a continuation of previously approved plans, or anticipated to start during the out-years. With these proposed projects, the City Council will be investing over \$43.1 million in the upcoming fiscal year and \$118.4 million over the five-year planning horizon. This is in addition to project appropriations that will be carried over from the current fiscal year. This is a major investment in the City's infrastructure and represents a significant commitment to our community's future.

As in previous years, the CIP will be funded through several funds. This includes \$11.3 million from the City's various Enterprise funds (Sanitation and Water); \$10.3 million from various grants (Community Development Block Grant CDBG, HOME Investment, Air Quality Management District AQMD, and various Capital Projects grants), and; \$21.5 million from various funds.



In FY 22, there are eleven identified category types. The most funded include a \$12.8 million investment towards the improvement of road conditions around the City, \$5.4 million towards water projects, and a \$5.4 million investment towards infrastructure improvements at our City parks.



Five-Year Capital Improvement Plan

The following are highlights of the FY 22 Five-Year Capital Improvement Plan projects:

Fire Headquarters

Within this project, funding has been established for the design and construction of a permanent facility for Fire Station Headquarters and Station No. 1, which serves the portion of the city within a two-mile radius of the Old Towne Plaza. This facility will provide increased emergency service response to the Old Towne area, the immediate surrounding area, and to the general population of the City of Orange. The new Fire Station Headquarters location is the 1.5 acre, City-owned property sited in the southeast corner of the intersection of Chapman Avenue and Water Street in the City of Orange. Groundbreaking occurred in October 2020 with construction commencing in January 2021. The total cost of the project, including design, construction, and outfitting, is estimated at \$24.9 million. Bond funding from the successful issuance of Lease Revenue Bonds in July 2020, will be used to finance the project.

Orange Police Headquarters Atrium Rehabilitation

The Police Headquarters is over 30 years old, and the glass atrium roof has been past its useful life for several years, with an increasing number of water leaks continuing inside its lobby. In FY 22, a \$1.5 million appropriation will be used to further investigate the feasibility of either rehabilitating the existing glass glazing to current standards, or replacing the glazing with a roofing system that requires less maintenance during its life cycle. The project will proceed based on findings and assistance from the architect. Bond funding from the successful issuance of Lease Revenue Bonds in July 2020, will be used to finance the project.

Handy Park Maintenance Renovation

The project will involve replacement of the existing building and picnic shelter, installation of shade structures, parking lot rehabilitation, and other necessary park upgrades. The project will also include the installation of a video surveillance system. Construction is anticipated to start in April 2021. This project will be partially funded through the Per Capita Allocation grant program funded through Prop 68.

Corporate Yard Renovations

A feasibility study for the City's Corporate Yard (Corp Yard) renovation project was completed in October 2020. The City plans to move forward with finalizing the layout and designing construction plans, focusing on improving space allocation and enhancing paths of travel. A portion of the sale of the eastern 2.81 acres of the Corp Yard, in the amount of \$1 million, will partially fund this project.

Park Video Surveillance and Security

As part of an ongoing effort, this project identifies El Camino Park as the next park site for the installation of a video surveillance system, aiding in efforts to deter illegal activity in City parks such as graffiti, vandalism, criminal activity, and overnight camping. These systems are currently installed in the following parks: Hart, Shaffer, Plaza, and Yorba Parks, and the Sports Center at Grijalva Park.

Tot Lot Shade Sails Installation

As a long-standing Council initiative, shade sails have been installed over tot lots in multiple City park sites to protect users from sun exposure and heat from the equipment in warm summer months. In FY 22, the proposed sites for shade sail installations are El Modena, Serrano and Fred Barrera Parks.

Rehabilitation of Library Facilities

The City's CIP includes several projects involving the rehabilitation of the Orange library facilities, including painting, carpet replacement, restroom improvements and HVAC replacement. Many of these projects were recommended as part of the 2016 Facilities Condition Assessment and are largely funded with Library Facility Fees.

Pavement Management Program

Commitment of \$3.7 million to the Pavement Management Program and an additional \$6.5 million for street maintenance and rehabilitation projects at various locations throughout the City. This program identifies the condition of 320 miles of streets and identifies the maintenance needs of this roadway system. It requires \$6 million annually for slurry sealing, asphalt overlays, and reconstructions, and also includes landscaping maintenance activities within the street right-of-way. This program is funded from Measure M2, Gas Tax, Community Development Block Grant, and the Road Maintenance Rehabilitation Account funds. The program will focus on locations such as State College Boulevard, Tustin Street, Serrano Avenue, and Cannon Street.

Water Projects

Commitment of \$4.4 million towards 15 water infrastructure projects intended to maintain or improve the City's water production and distribution. This includes \$1.5 million for pipeline replacement, which provides for the design and construction of water mainline replacements for the City's water system. Approximately two miles of pipeline are targeted to be replaced annually due to increasing age, substandard sizing, corrosion, or high maintenance. The program will focus on locations such as

Santiago Boulevard and the surrounding residential streets near Meats Avenue.

Sewer Projects

Commitment of \$2.2 million to the Sewer Replacement Program and an additional \$300,000 to specific street reconstruction projects to maintain or improve the City's sewer pipe network, which provides for the design and construction of sewer mainline replacements for the City's sewer system. Approximately one mile of pipeline is targeted to be replaced annually due to increasing age, substandard sizing, corrosion, or high maintenance. The program will focus on locations such as Alpine Road, Parker Street, Tustin Street, Cambridge Street, and Walnut Avenue.

Capital Projects Fund (500)

In previous years, the City Council continued to set-aside monies from the unreserved fund balance of the General Fund in the Capital Projects Fund (500) in order to reinvest in the City's infrastructure. Due to the economic effects of the COVID-19 pandemic, a transfer of \$2.0 million from the Capital Projects Fund was utilized as a budget balancing measure for the FY 21 budget, and no additional monies were set-aside as was past practice. As a result, the estimated beginning fund balance for FY 22 is \$4.6 million. Staff continues to make every effort to prolong much needed repairs and improvements, however continued reinvestment in our infrastructure is necessary. The following projects are proposed for this fund for FY 22, totaling \$1.8 million:

1. Corp Yard Renovations (\$1,000,000);
2. Municipal Parking Lot Maintenance (\$20,000);
3. Quiet Zone/Railroad Crossing Safety (\$50,000);
4. Minor Traffic Control Devices (\$150,000);
5. Streetlight Pole Replacement Program (\$250,000), and;
6. Bendix King Radios for wildland fire communications (\$300,000).

Conclusion

The City Council's prudent policies continue to set the stage for staff to meet the budgetary challenges and demands for FY 22. The City continues to take advantage of the growing economy to maintain services and enhance our infrastructure. While it is important to continue on the path of caution to ensure long-term fiscal health, the City Council works hard to be able to allocate the necessary resources to allow the City to provide the citizens and businesses of the City with the excellent services they have come to expect.

In the next few months, staff will continue to provide detail to the FY 22 Five-Year Capital Improvement Plan. In addition, feedback from the City Council received at this study session will help refine our projects. The next study session, tentatively planned for April 27, 2021, will review projected revenues and expenditures for the City's operations as well as Departmental Workplans.

7. ATTACHMENTS

- FY 22 Draft Five-Year Capital Improvement Plan