



**CITY OF FOSTER CITY/
ESTERO MUNICIPAL IMPROVEMENT DISTRICT
FOSTER CITY COUNCIL CHAMBERS
620 FOSTER CITY BOULEVARD
FOSTER CITY, CALIFORNIA**

AGENDA

Monday, March 28, 2016 6:00 PM

SPECIAL MEETING

1. CALL TO ORDER

2. ROLL CALL

Councilmembers/ex officio EMID Directors Charlie Bronitsky, Sam Hindi, Catherine Mahanpour, Gary Pollard and Mayor/President Herb Perez

3. PUBLIC

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Council may do so, and the comments shall be limited to the Special Meeting notice topic(s).

4. STUDY SESSION

4.1 Policy Direction Regarding Preparation of Budget and Five-Year Financial Plan

4.2 Capital Improvement Funds

4.2.1 Five-Year Capital Improvement Program - FY 2016-2017 to 2020-2021

4.2.2 Long-Term Capital Improvement Project Funding – City Capital Investment Fund – FY 2016-2017 to FY 2025-2026

4.2.3 Long-Term Capital Improvement Project Funding – Water and Wastewater Enterprise Funds – FY 2016-2017 to FY 2025-2026

4.3 Enterprise Funds

4.3.1 Review of Projected Water Rates for FY 2016-2017; Policy Direction for Rate Notification Under Proposition 218

4.3.2 Review of Projected Wastewater Rates for FY 2016-2017; Policy Direction for Rate Notification Under Proposition 218

4.4 Internal Service Funds

4.4.1 Internal Service Summary and Fund Balance Analysis

4.4.2 Vehicle Replacement Fund

4.4.3 Equipment Replacement Fund

4.4.4 Self-Insurance Fund

4.4.5 Information Technology Fund

4.4.6 Building Maintenance Fund

4.4.7 Longevity Recognition Benefits Fund and Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund

4.4.8 Compensated Absences Fund

4.5 Special Reports

4.5.1 Non-Profit Funding

4.5.2 Climate Action Plan Priorities

4.5.3 Feasibility Study for Recreation Center

5. ADJOURNMENT

The public is invited to attend.

Any attendee wishing special accommodations at the meeting should contact the City Clerk's Department at (650) 286-3250 at least 48 hours in advance of the meeting.

Any writings or documents provided to a majority of the City Council or EMID Board regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection in the City Clerk Department at City Hall located at 610 Foster City Boulevard during normal business hours and at the meeting.

City Council meetings on FCTV are aired on Comcast Channel 27 and AT&T Channel 99:

LIVE every 1st and 3rd Monday of the month

REPLAY the very next day at 1:00 pm (that week only)

REPLAY of the Council meeting on Saturday at 5:00 pm (only on Saturday the week the actual meeting occurs)



DATE: March 28, 2016

TO: Mayor and Members of the City Council
President and Board of Directors of the Estero Municipal Improvement
District (EMID)

VIA: Kevin M. Miller, City Manager/District Manager

FROM: Dante G. Hall, Assistant City Manager

SUBJECT: BUDGET STUDY SESSION REGARDING THE FY 2016-2017 BUDGET
AND FIVE YEAR FINANCIAL PLAN

RECOMMENDATION

It is recommended that the City Council/EMID Board review the budget study session reports prepared for the March 28th budget study session and provide policy direction relative to the preparation of the FY 2016-2017 Budget and Five-Year Financial Plan. Based on that policy direction, staff will prepare the preliminary budget documents and the Proposition 218 public hearing notices for the water and wastewater rates.

EXECUTIVE SUMMARY/BACKGROUND

This budget study session focuses on the City/District funds, other than the General Fund, in order to prepare the preliminary FY 2016-2017 Budget and Five-Year Financial Plan and to properly notice the public hearings for water and wastewater rates. Staff has prepared a series of reports that will be reviewed by the City Council/EMID Board so that policy direction can be provided.

Based on the policy direction received at this study session, staff will proceed to prepare the preliminary FY 2016-2017 budget documents that will be reviewed by the City Council at its Preliminary Budget Review Study Session on May 9, 2016. The final FY 2016-2017 budget will be considered for adoption by the City Council at its meeting on June 20, 2016.

ANALYSIS

This study session will focus on a number of budget reports that have been prepared either as part of the normal budget cycle or as requested by the City Council/EMID Board. They are as follows:

CAPITAL IMPROVEMENT FUNDS

Five-Year Capital Improvement Program—FY 2016-2017 to FY 2020-2021

The policy direction sought from this staff report is:

- 1. Authorization to proceed to include the five-year capital improvement program in the FY 2016-2017 budget as presented or otherwise directed by the City Council or EMID Board of Directors.**

Long-Term Capital Improvement Project Funding—City Capital Investment Fund—FY 2016-2017 to FY 2024-2025

The policy direction sought from this staff report is:

- 2. Authorization to the transfer of \$1,948,000 from the General Fund into the Long-Term CIP Funding program for the FY 2016-2017 Annual Budget and Five-Year Financial Plan to fund 1/10th of the unfunded capital expenditure obligations or otherwise directed by the City Council.**

Long-Term Capital Improvement Project Funding—Water and Wastewater Enterprise Funds – FY 2016-2017 to FY 2025-2026

The policy direction sought from this staff report is:

- 3. Authorization to continue the policy of incorporating the costs for long-term projects (such as improvements to the Wastewater Treatment Plant Project) into the FY 2016-2017 to FY 2025-2026 Long-Term Capital Improvement Project (CIP) Funding program for Water and Wastewater Enterprise Funds, or as directed by the EMID Board of Directors.**

ENTERPRISE FUNDS

Review of Projected Water Rates for FY 2016-2017

The policy directions sought from this staff report are:

- 1. Authorization to implement the rate model developed by BWA that will utilize available water enterprise reserves to satisfy the fund's pension liability and incrementally increase rates to restore the Water Operating Reserve to its target (at least 25% of the Water Fund Operating Budget) in 5 Years or as otherwise directed by the EMID Board.**
- 2. Authorization to adjust water rates to reflect the following:**
 - a. A rate increase of 9.8% for Tier-One Single Family Residential customers and an increase of 28.2% for Tier-Two residential class customers or as otherwise directed by the EMID Board;**
 - b. A rate increase of 9.8% for Tier-One Multi-Family Residential customers and an increase of 27% for Tier-Two Multi-Family Residential class customers or as otherwise directed by the EMID Board;**
 - c. A rate increase of 13% for all Commercial and Fire Line class customers or as otherwise directed by the EMID Board; and**
 - d. A rate increase of 9.8% for Irrigation customers with usage up to 100% of their annual water budget and an increase of 30.1% customers for customers that exceed their annual water budget or as otherwise directed by the EMID Board.**
- 3. Authorization to adjust the Water Sustainability Fund to provide funding to increase the customer rebate program allocation from \$200,000 in FY 2015-2016 to \$400,000 in FY 2016-2017, or as otherwise directed by the EMID Board.**
- 4. Authorization to proceed with distributing Proposition 218 Notice based on the Board's direction regarding water rates or as otherwise directed by the Board.**

Review of Projected Wastewater Rates for FY 2016-2017

The policy directions sought from this staff report are:

- 1. Authorization to adjust the wastewater rates to reflect an increase of 11% to meet the Wastewater Pension Liability Operating Reserve Target and pay the District's proportionate share of improvements to**

the Waste Water Treatment Plant Improvement Project, or as otherwise directed by the EMID Board.

- 2. Authorization to proceed with distributing Proposition 218 Notice based on the Board's direction regarding wastewater rates or as otherwise directed by the Board.**

INTERNAL SERVICE FUNDS

Internal Service Summary and Fund Balance Analysis

The policy direction sought from this supplemental report is:

- 1. Reaffirmation of the City Council's policy on reserve levels and funding methodologies for its Internal Service Funds and authorization to proceed with preparing a resolution for adoption at the June 6, 2016 City Council meeting amending the Fiscal Year 2015-2016 budget to effectuate the reallocation of surplus funds from the Vehicle Replacement Fund to the Compensated Absences Fund and Longevity Recognition Fund to meet its respective targeted levels of reserves, or as otherwise directed by the City Council.**

Vehicle Replacement Fund

The policy direction sought from this special report is:

- 1. Authorization to proceed with preparing the Vehicle Replacement Fund budget based on the recommendations and allocations contained in the staff report or as otherwise directed by the City Council.**

Equipment Replacement Fund

The policy direction sought from this special report is:

- 1. Authorization to proceed with preparing the Equipment Replacement Fund budget based on the recommendations and allocations contained in the staff report or as otherwise directed by the City Council.**

Self-Insurance Fund

The policy direction sought from this special report is:

- 1. Authorization to prepare the Self Insurance Fund budget based on the recommendations and allocations contained in this report or as otherwise directed by the City Council.**

Information Technology Fund

The policy direction sought from this special report is:

- 1. Authorization to proceed with preparing the Information Technology Fund budget based on the recommendations and allocations contained in the staff report or as otherwise directed by the City Council.**

Building Maintenance Fund

The policy directions sought from this special report is:

- 1. Authorization to proceed with preparing the Building Maintenance Fund budget based on the recommendations and allocations contained in this report or as otherwise directed by the City Council?**

Compensated Absences Fund

The policy direction sought from this special report is:

- 1. Authorization to proceed with preparing the Compensated Absences Fund based on the recommendations and allocations contained in the staff report or as otherwise directed by the City Council?**

Longevity Recognition Benefits Fund and Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund

The policy question sought from this special report is:

- 1. Authorization to proceed with preparing the Longevity Recognition Benefits Fund and Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund based on the recommendations and allocations contained in the staff report or as otherwise directed by the City Council.**

SUPPLEMENTAL BUDGET REPORTS AND SPECIAL REPORTS

Non-Profit Funding

The policy directions sought from this special report are:

- 1. Authorization to implement the non-profit funding process as identified in the staff report as part of the FY 2016-17 budget process or as otherwise directed by the City Council.**
- 2. Authorization to include a budget placeholder cap in the FY 2016-17 Preliminary Budget for non-profit agency funding in an amount equal to the \$40,000 or as otherwise directed by the City Council.**

Approval of the FY 2016 – 17 Climate Action Plan (CAP) Implementation Workplan

The policy direction sought from this supplemental report is:

- 1. Authorization to proceed with implementing the FY 2016-17 CAP Implementation Workplan and proposed budget as presented in the staff report or as otherwise directed by the City Council.**

City Infrastructure at 50 – Relevant Recreation Center to Support the Community of the Future

The policy direction sought from this special report is:

- 1. Authorization to proceed with issuing a request for proposal for a Feasibility Study for the construction of an improved Recreation Center Complex in Leo Ryan Park or as otherwise directed by the City Council.**

CONCLUSION

Based on the policy direction received at this budget study session, staff will prepare the preliminary budget documents for City Council/EMID consideration at the budget study session on May 9, 2016. The culmination of the budget process will be the adoption of the final FY 2016-2017 Budget and Five-Year Financial Plan which the City Council/EMID will consider at its June 20, 2016 meeting.



DATE: March 28, 2016

TO: Mayor and Members of the City Council
President and Members of the EMID Board of Directors

VIA: Kevin Miller, City/District Manager

FROM: Dante Hall, Assistant District Manager
Edmund Suen, Finance Director
Jeff Moneda, Public Works Director/City Engineer
Jennifer Liu, Parks and Recreation Director

SUBJECT: FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM – FY 2016-2017 to
FY 2020-2021

RECOMMENDATION

Staff recommends that the City Council and the Estero Municipal Improvement District (EMID) Board of Directors review the proposed Five-Year Capital Improvement Program – FY 2016-2017 to FY 2020-2021 and authorize staff to include the program in the FY 2016-2017 budget as presented, adjusted and recommended.

EXECUTIVE SUMMARY

As part of the City's Annual Budget process, staff prepares a Five Year Capital Improvement Program (CIP) plan consisting of projects to maintain and enhance the City/District's infrastructure of roadways, sidewalks, utilities, structures, and facilities for the benefit of the community. Because the costs of such improvements are usually significant, the plan anticipates future costs and sets forth a financial strategy to fund each project over a five-year period. The new five-year capital improvement plan is comprised of two existing projects (the Wastewater Treatment Plant Master Plan Improvements and the Levee Protection Planning and Improvement Project) and twenty-seven new capital projects (for a total of twenty-nine projects). Of the twenty-nine CIP projects, thirteen have been proposed for inclusion into the FY 2016-2017 budget.

BACKGROUND AND ANALYSIS

The proposed FY 2016-2017 TO FY 2020-2021 CIP plan consists of twenty-nine projects (two ongoing projects and twenty-seven new projects) to be funded over the

next five years from various funding sources. The plan is organized into eight categories including, Water Projects, Wastewater Projects, Streets/Traffic Projects, Stormwater/Lagoon Projects, Park Projects, Levee Projects, and Building Projects. CIP projects approved in prior years have been completed, are actively in progress, or are on target for completion. For FY 2016-2017, thirteen capital projects have been proposed for inclusion into the CIP totaling \$20,434,757. The following chart provides a summary of those CIP projects.

NEW CAPITAL IMPROVEMENT PROJECTS FY 2016-2017		FUNDING SOURCES ¹	FY 2016-2017 TOTAL
1	WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY	Water CIP	\$250,000
2	REMOVE AND RECOAT WATER TANKS 1, 2 AND 3	Water CIP	\$50,000
3	WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS	Bond Financing State Revolving Funds	\$10,899,000
4	SANITARY SEWER FORCE MAIN REHABILITATION	Wastewater CIP	\$750,000
5	WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY	Wastewater CIP	\$250,000
6	STREET REHABILITATION	Measure A Measure M Gas Tax	\$1,350,000
7	COMPREHENSIVE CITYWIDE TRAFFIC STUDY	Measure A	\$325,000
8	SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE	Measure A	\$140,000
9	REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE	Measure A	\$180,000
10	ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP	Measure A	\$25,000
11	FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK	City CIP Park-In-Lieu	\$3,475,000
12	LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT	City CIP	\$2,500,000
13	CORPORATION YARD FACILITY IMPROVEMENTS	City CIP Water CIP Wastewater CIP	\$240,757
TOTAL			\$20,434,757

Full project descriptions and details on these projects along with other planned or ongoing CIP projects, as well as the detailed impact to each fund, can be found in the Capital Improvement Program FY 2016-2017 to FY 2020-2021 document attached to this report.

Also attached to this report is a supplemental report on Park-in-Lieu fees. Park-in-Lieu fees have been collected from developers of residential properties in accordance with the City's Ordinance and must be spent to pay for the acquisition, construction and major improvement of City parks within five years of receipt. The Park-in-Lieu fee fund

¹ Attachment 1 - Table B shows amounts allocated to each fund.

is expected to have a fund balance of \$1,304,130 as of June 30, 2016. A plan for how the funds can be used over the next five years has been identified in the supplemental summary.

Attachment:

- Attachment 1: Capital Improvement Program FY 2016-2017 to FY 2020-2021
- Attachment 2: Supplemental Report Regarding Park-In-Lieu Fee Fund

Capital Improvement Program



The Capital Improvement Program (CIP) consists of projects to maintain and enhance the City/District's infrastructure of roadways, sidewalks, utilities, structures, and facilities for the benefit of the community.

The primary objective of the CIP is to develop and implement projects to ensure continued and reliable delivery of service to meet the City/District's needs. The following is a summary of active projects to be managed during Fiscal Year 2016-2017.

Ongoing Projects:

(CIP 455-611, Budget \$450,000) Sewer System Rehabilitation (2010-2011)

This project continues the District's program of performing repairs to the sanitary sewer collection system. The repairs will be based on video inspections completed by the District's Public Works Maintenance staff. Based on these inspections, repair and rehabilitation work will be completed

at high priority locations. The project will address localized pipe repair and manhole rehabilitation work.

The City Council awarded the design and construction support services contract to HydroScience Engineers, Inc. at the meeting on February 16, 2016. A total budget of \$450,000 is available for design and construction. The request for additional funding will be brought to the City Council for approval to award the construction contract.

Project Timeline:

Design	In Progress
Construction	Fall 2016
Project Closeout	Spring 2017

(CIP 301-621, Budget \$2,165,000) Vintage Park Overcrossing Project (2011-2012)

This project includes the removal and replacement of concrete approach slabs and AC roadway on the Vintage Park Overcrossing and the removal and replacement of the

existing fill under the approach slab and roadway with lightweight fill in order to bring the bridge's approach grades back to their original as-built elevations. On January 4, 2016, a contract in the amount of \$1,295,400 was awarded to O.C. Jones & Sons, Inc. Construction commenced on February 8, 2016 and is anticipated to be completed by the end of June 2016, at which time the bridge will be re-opened to the public.

Funding in the amount of \$2,150,000 was approved for the project in FY 2012-2013. In January 2016, the City received additional funding from one of the developers, BioMed Realty, contributing their fair share to the project. At the City Council meeting on March 7, 2016, the City Council approved the appropriation of \$15,000 received from BioMed Realty to this project.

Project Timeline:

Construction	In Progress
Project Closeout	Summer 2016

(CIP 455-626, Budget \$6,075,000) Sanitary Sewer Lift Station Improvements Phase 5 (2012-2013)

This project continues the District's program of maintaining sanitary sewer lift stations and addressing preventative maintenance and upgrades to extend the useful life of the lift stations. The rehabilitated lift stations will also provide a safer working environment for the operational staff. The improvements generally include items of work such as: repairing interior wet wells; installing new pumps, motors, and valves; replacing electrical and telemetry control systems; installing by-pass piping and connections; and replacing corroded components with non-corrosive stainless

steel materials. Since the program started in 2000, 23 lift stations have been fully or partially rehabilitated.

This CIP project includes improvements to 10 lift stations. EMID Resolution No. 3224, adopted at the November 18, 2013 District Board meeting, awarded the design contract to HydroScience Engineers, Inc. to prepare construction documents. Construction is anticipated to start during the Summer 2016.

Project Timeline:

Regulatory Permit/Design	In Progress
Construction	Summer 2016
Project Closeout	Winter 2017

(CIP 301-629, Budget \$1,950,000) Dredging at the Lagoon Intake Structure (2012-2013)

The water level in the City's lagoon is controlled by allowing water to flow through the intake structure by Sea Cloud Park and pumping water out of the lagoon into the bay by the Corporation Yard. Over the years, sedimentation has built up on the Belmont Slough side of the intake structure resulting in limited water flow into the lagoon. The sedimentation in front of the lagoon intake structure obstructs water from flowing freely into the lagoon, except during periods of high tides. Occasionally, the sediment also blocks the Bay Level Transducer, compromising water level readings.

Resolution No. 2013-85 adopted on November 18, 2013, awarded the agreement to Huffman-Broadway Group, Inc. for environmental regulatory permitting services and preparation of construction documents for the project. The City also hired Urban Planning Partners to prepare

environmental review documentation in October 2015. Various disposal sites are being evaluated by the consultants.

The project has an approved budget of \$1,950,000. Construction is anticipated in August 2016.

Project Timeline:

Regulatory Permitting/Design	In Progress
Construction	Summer 2016
Project Closeout	Spring 2017

(CIP 301-635, Budget \$345,540) Median Modifications – Foster City Boulevard at Chess Drive – Multi-Project #3 (2013-2014)

This project is identified as MP #3 in the report prepared by Fehr & Peers. The project includes increasing the length of the existing 525-foot northbound left-turn lanes from Foster City Boulevard at Chess Drive to 650 feet to prevent queues from extending out of the turn lanes and blocking through traffic on Foster City Boulevard. Funding for the roadway improvements is collected from the various developers based on the terms of their Master Development Agreements.

At the City Council meeting on August 4, 2014, a contract was awarded to BKF Engineers in the amount of \$377,921 to prepare construction documents and provide engineering support services for CIP 301-635 and CIP 301-637. Both of these projects were combined to maximize efficiency, since they are located in the same vicinity. The design phase has been completed, with construction anticipated as soon as the fair share contribution from Gilead Sciences, Inc. (former

Chess-Hatch parcel recently purchased by Gilead Sciences, Inc.) is defined and received.

Funding in the amount of \$325,000 was approved for the project in FY 2015-2016. In January 2016, the City received additional funding from one of the developers, BioMed Realty, contributing their fair share to the project. At the City Council meeting on March 7, 2016, the City Council approved the appropriation of \$20,540 received from BioMed Realty to this project.

Project Timeline:

Design	Completed
Construction	Spring 2017
Project Closeout	Winter 2017

(CIP 405-636, Budget \$475,000) Water System Improvements and Valve Replacements (2013-2014)

This project is part of the District's ongoing program of maintaining and upgrading the water system by replacing valves and installing components to improve reliability and minimize service impacts to customers.

The project includes:

- Replacement of an 18" gate valve at the intersection of Mariner's Island Boulevard and Fashion Island Boulevard
- Replacement of a 16" butterfly valve at the northeast corner of the intersection of East Hillsdale Boulevard and Edgewater Boulevard
- Installation of two 18" butterfly valves and bypass tees on the 24" transmission main attached to the Seal Slough Bridge. The valves and the bypass tees will be installed

at the ends of the bridge to allow bypassing should the almost 100-year old bridge fail

Funding in the amount of \$475,000 has been approved. A request for proposal (RFP) for design services was issued in Summer 2014, with HydroScience Engineers, Inc. selected to design the project. The project design was completed per the original scope, but an emergency repair on the 24" water main revealed that additional work needed to be included in the scope of work. The project scope and design will be revised accordingly.

Project Timeline:

Design	In Progress
Construction	Winter 2016
Project Closeout	Summer 2017

(CIP 301-637, Budget \$1,141,000) Road Improvements at Foster City Boulevard and Chess Drive – Multi-Project #4, Multi-Project #7, and Multi-Project #8 (2013-2014)

This project is identified as MP #4, MP #7, and MP #8 in the report prepared by Fehr & Peers. The project will add a northbound right-turn lane on Foster City Boulevard at Chess Drive, lengthen the westbound left turn lane on Chess Drive at Foster City Boulevard, and add a westbound lane on Chess Drive east of Foster City Boulevard.

Funding for this roadway improvement project is collected from the Chess Drive Offices developers based on the terms of their Master Development Agreement. At the City Council meeting on August 4, 2014, a contract was awarded to BKF Engineers in the amount of \$377,921 to prepare construction documents and provide engineering support services for CIP

301-635 and CIP 301-637. Both of these projects were combined to maximize efficiency, since they are located in the same vicinity. The design phase has been completed, with construction anticipated as soon as the fair share contribution from Gilead Sciences, Inc. (former Chess-Hatch parcel recently purchased by Gilead Sciences, Inc.) is defined and received.

Funding in the amount of \$1,141,000 is available for the project.

Project Timeline:

Design	Completed
Construction	Spring 2017
Project Closeout	Winter 2017

(CIP 301-650, Budget \$628,354) Parks Infrastructure Improvements (2014-2015)

1. Easement Improvements (Budget \$127,000):

Irrigation modifications and Drought tolerant plantings completed at these four (4) City maintained easements:

• Sea Cloud Park	Completed Summer 2015
• Gateshead Park	Completed Summer 2015
• Corporation Yard	Completed Fall 2015
• Boat Park	Completed Spring 2016

2. **ADA Upgrades, Synthetic Surfacing for Catamaran Park Playground and Beach (Budget \$413,354):**

Catamaran Project consisting of:

- Consultant design for proper ADA access
- Concrete retaining wall for proper access and grading of the playground
- Synthetic surfacing material (“pour-in-place”) in the playground
- Synthetic turf installation to improve the beach area
- Fencing to be strategically incorporated for safety

Project Timeline:

Design	Completed Winter 2015
Construction	March - June 2016
Project Closeout	Winter 2016

Ketch Playground: New play-structure installation was completed in September 2015.

3. **Grading Repair at Sea Cloud S-3 (Budget \$88,000)**

Sub-surface repairs were completed in conjunction with synthetic turf replacement (under warranty)

Completed	September 2015
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(CIP 455-652, Budget \$5,931,000) Wastewater Treatment Plant Master Plan Improvements (2015-2016)

The Estero Municipal Improvement District (EMID) and the City of San Mateo jointly own the San Mateo Wastewater Treatment Plant (WWTP) through a Joint Powers Agreement

(JPA). The jointly owned facility is aging and needs improvements to continue to meet current and future flows and permit requirements. The Clean Water Program (CWP) represents a 10-year Capital Improvement Plan (CIP) to meet wastewater collection and treatment requirements set forth by the California Regional Water Quality Control Board. The CWP is a comprehensive design, construction, and implementation plan to upgrade, enhance, and replace the jointly owned Wastewater Treatment Plant and portions of the City of San Mateo’s wastewater collection system.

In October 2014, CH2M was hired by the City of San Mateo, to provide Program Management Services to support all aspects of the implementation of the CWP. In February 2015, EMID hired Erler & Kalinowski to provide EMID staff with technical support services as needed.

In August 2015, both EMID’s Board of Directors and San Mateo’s City Councilmembers indicated support in performing additional planning, economic, and technical feasibility investigations to further advance the implementation of the Membrane Bio-Reactor (MBR) treatment alternative to enhance the 2014 Base Master Plan, which would meet the CWP’s goals of:

- Repairing and replacing aging infrastructure
- Providing adequate capacity to treat projected wet weather flows
- Meeting current and future regulatory requirements
- Meeting both governmental bodies’ sustainability objectives including recycled water

On September 8, 2015, the City of San Mateo awarded a contract to HDR Engineering for the design of the Primary Clarifier and Headworks Facility project. The selection of the design consultant for the Secondary Treatment Facilities Design is under consideration and a contract is scheduled to be awarded in April 2016.

The City Council of the City of San Mateo is scheduled to certify the California Environmental Quality Act (CEQA) and Programmatic Environmental Impact Report (Draft PEIR) documents in June 2016.

Construction of immediate action projects is underway. Foster City’s share of the CWP is estimated at \$113-million dollars over the life of the 10-year project. Both agencies are currently working together to develop a Joint Powers Finance Authority (JPFA) in order to qualify for financing through the State Revolving Fund program.

Project Timeline:
 Design/Construction In Progress and Ongoing

(CIP 301–653, Budget \$1,150,000) Street Rehabilitation (2015-2016)
 This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective manner, a Pavement Management Program (PMP) is used. The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal

repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays.

In addition to resurfacing the pavement, the project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired. The federal and state transportation grant funding is used when available. Staff is currently compiling a list of streets that will be included in the project. Advertisement for the construction is anticipated in Spring 2016 followed by construction in Summer 2016.

Project Timeline:
 Project Design – In-house In Progress
 Construction Summer 2016
 Project Closeout Winter 2016

(CIP 301-654, Budget \$75,000) Lagoon Intake Gate Replacement (2015-2016)
 There are four (4) lagoon intake gates that are used to control the bay waters entering into Foster City’s Lagoon. Currently, two (2) gates are in the closed position and the remaining two (2) gates have become significantly worn. The intake gates were on the equipment replacement list, which provided for three (3) new gates being purchased in FY2012-2013. However, the new gates could not be installed due to the amount of silt, which had built-up within the lagoon intake structure.

The Dredging at the Lagoon Intake Gate Structure project (CIP 301-629) is scheduled for construction in August 2016. The project will remove silt build-up and restore the channel on the Belmont Slough side of the intake gates, allowing the free-flowing of water into the lagoon. The damaged and

remaining two (2) gates should be replaced shortly after the dredging is completed.

As this is a critical structure that requires the use of a temporary dam to keep the bay waters out while this work is done, it requires a contractor that has the mechanical engineering expertise to handle the installation challenges of this project.

Project Timeline:

Construction	Summer 2016
Project Closeout	Winter 2016

(CIP 301-655, Budget \$925,000) Lawn Conversion and Bocce Court Expansion

The scope of work for this project includes the following components:

- Lawn conversion of the area between the Recreation Center and The VIBE (approximately 27,575 square feet) from natural grass to sustainable, drought tolerant landscape elements
- Renovation of existing two (2) Bocce Courts
- Addition of two (2) Bocce Courts
- Installation of a picnic and hardscape area that may also lend itself to a concession opportunity in the future

This project achieves multiple City Council priorities:

- Community amenity – with the renovation and addition of two (2) Bocce Courts and picnic area
- Water conservation – with the lawn conversion, and the

added benefit of being a deterrent to the water birds that negatively impact the Park

- Revenue generation – with the picnic and hardscape areas that create a space convenient for possible concession and/or rental

The total anticipated project is \$925,000. Based on this budget, the project components include:

- Project design and administrative support
- Renovated (2) existing Bocce Courts (10' x 76')
- Two (2) new Bocce Courts (10' x 76')
- Lawn conversion
- Picnic / hardscape area
- Finish work: lighting, fencing, ADA compliance

Project Timeline:

Community Input	October 2015 - April 2016
Design/ Plan Checks	Mar - June 2016
Bidding/ Award	July - September 2016
Construction	November 2016 - February 2017

(CIP 301-656, Budget \$650,000) Park Infrastructure Improvements

1. Boardwalk Refinishing and Resealing (Budget \$65,000.)

This project consists of refinishing and resealing the wooden boardwalk and chain-rail support poles at Leo J. Ryan Park.

This project will also fund the installation of the goose control fencing along the water at Leo J. Ryan Park, as part of the City's on-going habitat modification efforts.

Project Timeline: Fall 2016

2. Lawn Conversions, Library / Catamaran Park (Budget \$250,000)

Staff has identified numerous smaller areas that are ideal for converting lawn area to drought tolerant shrub areas, while maintaining a balance between grass and non-grass areas.

This project will include selected lawn conversions at the following locations:

- City Hall
- Recreation Center
- Catamaran

The scope of work includes:

- Sod removal
- Irrigation modifications
- Soil amendment
- Drought tolerant planting
- Mulching

Projected Timeline: Spring - Winter 2016

3. Park Pathway Renovations (Budget \$310,000)

The Pathway that winds through Boothbay Park is in need of renovation. Over the years this pathway has been repaired numerous times to keep it safe and aesthetically pleasing for patrons that utilize it to walk, jog or bike through the park. The pathway underwent major repair work in 2014 to repair four large tripping hazard locations that were being caused by tree roots, as well as from normal wear and tear.

The scope of work for this job will be removal and disposal of existing asphalt concrete, prune and off haul roots, placement of header board and installation of new asphalt concrete along the entire length of the pathway. Along with Boothbay Park, staff has also identified pathway sections at a few other parks that are in need of removal and replacement.

This will mainly include pathways at:

- Boothbay Park
- Constitution Walkway
- Edgewater Park
- Sea Cloud Park

Project Timeline:

Scope of Work
RFP
Construction
Close-out

February 2016 - March 2016
April 2016 - May 2016
July - August 2016
Winter 2016

4. Restroom Roof Replacements - \$25,000

The restrooms at Boothbay and Catamaran were built in 1994/95. The roofs on these two restrooms at twenty years old are in dis-repair and need replacing. This includes demo and replacement of old roofs, skylights, and new vent flashings.

Completed

November 2015

(CIP 301-657, Budget \$1,577,465) Levee Protection Planning and Improvements Project (2015-2016)

This project will raise the levee to meet the required elevation per Title 44 of the Code of Federal Regulations (CFR), section 65.10, to retain accreditation. Based on the FEMA coastal flood hazard study, roughly 85 percent of Foster City's levee system does not meet the required freeboard elevation. Therefore, the levee will not retain accreditation status when the Flood Insurance Rate Map (FIRM) is updated in mid-2016. Currently, land within Foster City's limits is classified as Zone X, which means that mandatory flood insurance is not required. However, when the new map becomes effective in mid-2016, Foster City will be designated as a high-risk Special Flood Hazard area and property owners with federally-backed loans will be required to purchase annual flood insurance if no action is taken or if FEMA does not approve the City's request for an extension of time to raise the levels.

In December 2014, the City hired Schaaf & Wheeler to prepare a report to identify the City's flood risks and determine potential levee improvement alternatives that may be necessary with respect to restoring accreditation. The

report concluded that the levee surrounding Foster City will have to be raised from between 2.5 to 5.5 feet depending on the location in the city in order to receive accreditation by FEMA. The report also outlined that the project's costs could be as high as \$75-million dollars.

Funding in the amount of \$1,577,465 has been approved for consulting services including preliminary engineering, regulatory permitting, environmental impact report (EIR) preparation, municipal financial advisory, assessment engineering and exploration of funding options.

To date, FEMA has approved the levee seclusion mapping allowing Foster City to maintain a Zone X designation while the City prepares for construction of the project. Additionally, engineering analysis identifying different types of levee improvements, geotechnical investigation, topographical survey, regulatory permitting, preparation of the EIR, and public outreach efforts are underway. In the coming months, more public outreach efforts and analysis for funding options will be performed. It is anticipated that by Fall 2016, a final Technical Memorandum (TM) outlining the basis of design with recommended levee height, improvement types, and cost estimates will be presented to the City Council for consideration.

An additional funding request of \$2.5-million dollars in FY 2016-2017 will allow for the continuation of the engineering design work using the information presented in the TM and preparation of plans and specifications suitable for construction. Another \$4-million dollars requested in FY 2017-2018 will pay for the construction support services during construction.

Based on the outcome of the assessment engineering and the direction provided by the City Council on the funding mechanism, an additional budget amendment will be required to fund the construction.

<u>Project Timeline:</u>	
Design	FY 2016-2017
Construction	FY 2017-2020
Project Closeout	FY 2019-2020

(CIP 301-658, Budget \$626,175) TRAFFIC IMPROVEMENTS @ LINCOLN CENTRE DR. AND E. 3RD AVE. (2015-2016)

This project will install traffic signals and site improvements, including crosswalks with pedestrian signal heads and curb ramps, at the intersection of Lincoln Centre Drive and East Third Avenue. The project will also install interconnection between this intersection and the Foster City Boulevard/East Third Avenue intersection to allow for signal coordination. This project was identified in the Environmental Impact Report prepared for the Lincoln Centre Life Sciences Research Center Project. To meet its obligations, the developer has submitted a payment in the amount of \$626,175 to cover the cost of the improvements.

At the meeting on March 7, 2016, the City Council approved the creation of this CIP project and established a project budget of \$626,175. The project will be administered by the City. Staff time spent on the project will be charged to the project account.

Currently, the project is under design by the consultants, Traffic Patterns, LLC. Construction is anticipated in Spring 2017.

<u>Project Timeline:</u>	
Design	Spring 2016
Construction	Spring 2017
Project Closeout	Fall 2017

Projects Completed but Not Yet Closed in FY 2015-2016

(CIP 301 – 648, Budget \$170,000) Wooden Dock and Concrete Deck Adjacent to Edgewater Place (2014-2015)

This project included repair of the support piles under the concrete deck, installation of a new wooden dock, repair of the concrete deck and stairs, and installation of a new ADA ramp. The project is located at the end of Port Royal Avenue adjacent to Edgewater Place.

A design contract was awarded to Finn Design Group, Inc. (FDG) in November 2014. FDG performed an inspection of the entire structure including the support piles under the decking and prepared the bidding documents. At the meeting on October 19, 2015, the City Council awarded the construction contract to John Clay Engineering Contractor, Inc. The project is now complete and staff is reconciling the project accounting in order to complete the project closeout report.

Projects Completed and Closed Out in FY 2015-2016:

- (CIP 301-633, Budget \$1,505,000) Construction of Werder Park
- (CIP 301-634, Budget \$1,375,000) Construction of Destination Park
- (CIP 301-641, Budget \$286,000) Parks Infrastructure Improvements
- (CIP 301-643, Budget \$1,294,000) Library Community Center Solar Project (2014-2015)
- (CIP 455-645, Budget \$463,000) Lift Station 59 Effluent Line Improvements (2014-2015)
- (CIP 301–646, Budget \$1,000,000) Street Rehabilitation (2014-2015)
- (CIP 405-651, Budget \$964,295) Two Natural Gas Powered Engines and Pumps Replacement (2013-2014)

THE CAPITAL IMPROVEMENT PROJECT BUDGETING PROCESS

As part of the City's Annual Budget and Five Year Financial Plan process, the City prepares a Five Year Capital Improvement Project plan. A Capital Improvement Project (or "CIP") is a plan for capital expenditures to provide for the acquisition, expansion or rehabilitation of an element of the City's physical plant to be incurred over a fixed period of several future years. Examples of such projects include:

- Street pavement projects
- City facilities construction / refurbishment
- Park infrastructure improvements (e.g., paving basketball courts, walkway construction or rehabilitation)
- Water valve or pipe replacement
- Sewer Lift Station refurbishment

Because the costs of such improvements are usually significant, the City prepares a Five Year Capital Improvement Project Plan so it can anticipate future costs and funding strategies for projects.

CIP Planning Process

Identifying CIP Projects

Throughout the fiscal year, City staff members continually monitor the functional status and performance of all of the City's physical plant. Maintenance activities supporting City infrastructure are documented and analyzed to determine if rehabilitation or replacement is necessary. In addition, throughout the year, policy direction from the City Council may be received to construct, enhance or rehabilitate City facilities. Staff makes note of these projects and begins to define the scope, nature and extent of

projects as may be required.

In January of each year, under the direction of the City Manager, staff members assemble to kick-off the Five Year CIP planning process. Updates on CIP projects currently underway are prepared for City Council review in a February study session. Existing projects on the previous year's Five Year CIP Plan are reviewed and updated. Staff also begins the process of formally identifying, for consideration by the City Council, any new CIP's which were not on the list in the previous year.

Cost Estimates

Over the next few months, staff develops a draft CIP Plan. Upon identifying the scope and nature of each project, staff begins to prepare cost estimates of the projects. Projects which come up within the next 1-2 years have detailed engineers' cost estimates prepared for purposes of determining the total costs of the projects. Projects which are 3-5 years out have less detailed cost estimates prepared, but they are sufficient in detail to give an overall order-of-magnitude cost estimate for planning purposes. This is performed for both newly identified projects and projects that are being updated from the previous year's Five Year CIP Plan.

The City builds in an inflationary factor for cost estimates that are 2-5 years out. Inflationary factors can range anywhere from 2% to 10% per year. Assumptions are made based upon the historical trends and future expectations of raw materials and labor costs for projects. For example, projects that have significant amounts of steel or oil products may have a high inflationary factor due to the price increases experienced and forecasted for those raw materials. On the other hand, projects which entail dirt and sod may yield lower inflationary factors.

Cost estimates also include contingency factors that can range from 10% to 25% based upon the historical experience of similar projects and the relative uncertainty with respect to the project itself. For example, a construction project built upon ground that is suspected to have hazardous materials may yield a higher contingency factor than a relatively simple replacement of walkways in a park. Staff exercises significant judgment based upon its professional experience in determining both inflationary and contingency factors.

Cost Components

Staff develops separate cost components for the design phase and the construction phase of a project, where necessary. For larger projects, the construction phase may also be split into separate components for project identification and manageability. In this way, the costs can be identified based upon the timing for each phase of the project. Cost estimates are then prepared and time-activated based upon each component of the project, as described above.

Funding Sources

Once the costs have been identified and projected, a financial analysis is prepared to determine whether or not the projects can be funded. Consideration is given to a variety of sources of funds including:

- Grant funds
- Revenues dedicated for such purposes (e.g., Measure A funds for street improvements)
- Park In-lieu fees
- Water and Wastewater revenue rate projections
- Interest earnings
- Existing undesignated funds

Development of Five Year Plan

Funding sources are then compared to project cost estimates to develop the Five Year CIP Plan. The timing of the various projects is taken into consideration given the status of the existing infrastructure, risk management considerations, Council Policy Calendar initiatives, bidding environment, and available funding.

Once the draft plan is created, it is presented to the City Council at a Study Session that is typically held in late March. Council then provides direction on each of the projects within the plan and any changes are incorporated into a revised Five Year CIP Plan. In April, the Planning Commission reviews the proposed Capital Improvement Projects for consistency with the General Plan. Any updates requiring further discussion are provided once again to the City Council at its May Budget Study Session.

The Council then holds a Public Hearing on the budget, which includes the Five Year CIP Plan, normally on the first Monday in June. Subject to any public testimony and final Council direction, the final Five Year CIP Plan is prepared, and the project costs associated with any projects which are funded in the next fiscal year are appropriated by the City Council as part of the adoption of the Annual Budget.

FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2016-17 TO 2020-21)

Category	NO.	PROJECT NAME	Funding Source*	TOTAL - Not Including Prior Years	2016-17	2017-18	2018-19	2019-20	2020-21
WATER PROJECTS									
A	W-1	(NEW CIP) WATER SYSTEM IMPROVEMENTS (2018-2019)	CW	\$500,000	\$0	\$0	\$500,000	\$0	\$0
A	W-2	(NEW CIP) WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)	CW	\$250,000	\$250,000	\$0	\$0	\$0	\$0
B	W-3	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	CW	\$70,000	\$0	\$0	\$70,000	\$0	\$0
B	W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	CW	\$300,000	\$0	\$0	\$300,000	\$0	\$0
B	W-5	(NEW CIP) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	CW	\$2,450,000	\$50,000	\$2,400,000	\$0	\$0	\$0
TOTAL WATER PROJECTS			5	\$3,570,000	\$300,000	\$2,400,000	\$870,000	\$0	\$0
WASTEWATER PROJECTS									
A	WW-1	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2019-2020)	CWW	\$6,000,000	\$0	\$0	\$0	\$500,000	\$5,500,000
A	WW-2	(NEW CIP) SANITARY SEWER SYSTEM IMPROVEMENTS (2020-2021)	CWW	\$500,000	\$0	\$0	\$0	\$0	\$500,000
A	WW-3	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	BF/SRF	\$96,871,000	\$10,899,000	\$13,513,000	\$23,477,000	\$26,027,000	\$22,955,000
A	WW-4	(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	CWW	\$750,000	\$750,000	\$0	\$0	\$0	\$0
A	WW-5	(NEW CIP) WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)	CWW	\$250,000	\$250,000	\$0	\$0	\$0	\$0
TOTAL WASTEWATER COLLECTION SYSTEM PROJECTS			5	\$104,371,000	\$11,899,000	\$13,513,000	\$23,477,000	\$26,527,000	\$28,955,000
STREETS/TRAFFIC PROJECTS									
A	ST-1	(NEW CIP) STREET REHABILITATION (2016-2017)	MA/MM/GT	\$1,350,000	\$1,350,000	\$0	\$0	\$0	\$0
A	ST-2	(NEW CIP) STREET REHABILITATION (2017-2018)	MA/MM/GT	\$1,350,000	\$0	\$1,350,000	\$0	\$0	\$0
A	ST-3	(NEW CIP) STREET REHABILITATION (2018-2019)	MA/MM/GT	\$1,350,000	\$0	\$0	\$1,350,000	\$0	\$0
A	ST-4	(NEW CIP) STREET REHABILITATION (2019-2020)	GT/MM	\$1,350,000	\$0	\$0	\$0	\$1,350,000	\$0
A	ST-5	(NEW CIP) STREET REHABILITATION (2020-2021)	MA/MM/GT	\$1,350,000	\$0	\$0	\$0	\$0	\$1,350,000
A	ST-6	(NEW CIP) COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)	MA	\$325,000	\$325,000	\$0	\$0	\$0	\$0
A	ST-7	(NEW CIP) SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)	MA	\$140,000	\$140,000	\$0	\$0	\$0	\$0
B	ST-8	(NEW CIP) REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)	MA	\$180,000	\$180,000	\$0	\$0	\$0	\$0
B	ST-9	(NEW CIP) ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)	MA	\$25,000	\$25,000	\$0	\$0	\$0	\$0
TOTAL STREETS/TRAFFIC PROJECTS			9	\$7,420,000	\$2,020,000	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000
STORMWATER/LAGOON PROJECTS									
B	SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	CC	\$140,000	\$0	\$0	\$140,000	\$0	\$0
B	SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2020-2021)	CC	\$250,000	\$0	\$0	\$0	\$0	\$250,000
TOTAL STORMWATER/LAGOON PROJECTS			2	\$390,000	\$0	\$0	\$140,000	\$0	\$250,000
PARKS PROJECTS									
C	P-1	(NEW CIP) SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK (2016-2017)	CC/PIL	\$3,475,000	\$3,475,000	\$0	\$0	\$0	\$0
C	P-2	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2017-2018)	CC	\$1,155,000	\$0	\$1,155,000	\$0	\$0	\$0
C	P-3	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2018-2019)	CC/PIL	\$1,335,000	\$0	\$0	\$1,335,000	\$0	\$0
C	P-4	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2019-2020)	CC	\$1,120,000	\$0	\$0	\$0	\$1,120,000	\$0
C	P-5	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021)	CC/PIL	\$1,075,000	\$0	\$0	\$0	\$0	\$1,075,000
C	P-6	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (Tennis Court) (2020-2021)	CC	\$200,000	\$0	\$0	\$0	\$0	\$200,000
TOTAL PARKS PROJECTS			6	\$8,360,000	\$3,475,000	\$1,155,000	\$1,335,000	\$1,120,000	\$1,275,000
LEVEE PROJECTS									
A	L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	CC/BF	\$6,500,000	\$2,500,000	\$4,000,000	\$0	\$0	\$0
TOTAL LEVEE PROJECTS			1	\$6,500,000	\$2,500,000	\$4,000,000	\$0	\$0	\$0
BUILDING PROJECTS									
B	B-1	(NEW CIP) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	CC/CW/CWW	\$443,500	\$240,757	\$202,743	\$0	\$0	\$0
TOTAL BUILDING PROJECTS			1	\$443,500	\$240,757	\$202,743	\$0	\$0	\$0
GRAND TOTAL			29	\$131,054,500	\$20,434,757	\$22,620,743	\$27,172,000	\$28,997,000	\$31,830,000

* CC=CIP City; DD = Developer Deposits; GT=Gas Tax (2103); MA=Measure A; MM=Measure M; PG = Private Grants (Foster City Foundation); PIL=Park-in-Lieu; CW=CIP Water; CWW=CIP Wastewater; BF=Bond Financing; SRF=State Revolving Fund

TABLE A
FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2016-17 TO 2020-21)

Project No.	PROJECT DESCRIPTION	TOTAL
CATEGORY A PROJECTS		
W-1	(NEW CIP) WATER SYSTEM IMPROVEMENTS (2018-2019)	\$ 500,000
W-2	(NEW CIP) WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)	\$ 250,000
WW-1	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2019-2020)	\$ 6,000,000
WW-2	(NEW CIP) SANITARY SEWER SYSTEM IMPROVEMENTS (2020-2021)	\$ 500,000
WW-3	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	\$ 96,871,000
WW-4	(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	\$ 750,000
WW-5	(NEW CIP) WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)	\$ 250,000
ST-1	(NEW CIP) STREET REHABILITATION (2016-2017)	\$ 1,350,000
ST-2	(NEW CIP) STREET REHABILITATION (2017-2018)	\$ 1,350,000
ST-3	(NEW CIP) STREET REHABILITATION (2018-2019)	\$ 1,350,000
ST-4	(NEW CIP) STREET REHABILITATION (2019-2020)	\$ 1,350,000
ST-5	(NEW CIP) STREET REHABILITATION (2020-2021)	\$ 1,350,000
ST-6	(NEW CIP) COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)	\$ 325,000
ST-7	(NEW CIP) SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)	\$ 140,000
L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	\$ 6,500,000
Subtotal for Category A Projects		\$118,836,000
CATEGORY B PROJECTS		
W-3	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	\$ 70,000
W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	\$ 300,000
W-5	(NEW CIP) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	\$ 2,450,000
ST-8	(NEW CIP) REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)	\$ 180,000
ST-9	(NEW CIP) ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)	\$ 25,000
SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	\$ 140,000
SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2020-2021)	\$ 250,000
B-1	(NEW CIP) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	\$ 443,500
Subtotal for Category B Projects		\$3,858,500
CATEGORY C PROJECTS		
P-1	(NEW CIP) SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK (2016-2017)	\$ 3,475,000
P-2	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2017-2018)	\$ 1,155,000
P-3	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2018-2019)	\$ 1,335,000
P-4	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2019-2020)	\$ 1,120,000
P-5	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021)	\$ 1,075,000
P-6	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (Tennis Court) (2020-2021)	\$ 200,000
Subtotal for Category C Projects		\$8,360,000
GRAND TOTAL		\$131,054,500

TABLE B FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2016-17 TO 2020-21)																
No.	DESCRIPTION	CIP City	CIP City/Bond Financing (4)	Capital Asset Acquisition & Replacement	Developer Deposits (5)	Foster City Foundation	Measure A	Gas Tax (2103)	Measure M	Park-In-Lieu Fees	Bond Financing/SRF	Water Capital Investment (7)	Wastewater Capital Investment	TOTAL	No.	
	Funds Available for CIP Projects (1)	\$ 2,329,956		\$ 35,234,505	\$ 3,148,900	\$ -	\$ 1,887,801	\$ 1,213,543		\$ 1,304,130		\$ 7,144,474	\$ 4,213,830	\$ 56,477,139		
	Long-Term CIP Funding Program (2)	\$ 13,955,000										\$ 1,025,000	\$ 3,900,000	\$ 18,880,000		
	Revenue Projections (3)	\$ 24,750		\$ 7,391,000			\$ 3,399,200	\$ 397,600	\$ 551,700	\$ 2,336,700				\$ 14,100,950		
	Fund Transfers													\$ -		
	Other Sources		\$ 6,500,000								\$ 96,871,000			\$ 103,371,000		
	Total Available	\$ 16,309,706	\$ 6,500,000	\$ 42,625,505	\$ 3,148,900	\$ -	\$ 5,287,001	\$ 1,611,143	\$ 551,700	\$ 3,640,830	\$ 96,871,000	\$ 8,169,474	\$ 8,113,830	\$ 192,829,089		
CATEGORY A PROJECTS																
W-1	(NEW CIP) WATER SYSTEM IMPROVEMENTS (2018-2019)											\$ 500,000		\$ 500,000	W-1	
W-2	(NEW CIP) WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)											\$ 250,000		\$ 250,000	W-2	
WW-1	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2019-2020)												\$ 6,000,000	\$ 6,000,000	WW-1	
WW-2	(NEW CIP) SANITARY SEWER SYSTEM IMPROVEMENTS (2020-2021)												\$ 500,000	\$ 500,000	WW-2	
WW-3	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)										\$ 96,871,000			\$ 96,871,000	WW-3	
WW-4	(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)												\$ 750,000	\$ 750,000	WW-4	
WW-5	(NEW CIP) WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)												\$ 250,000	\$ 250,000	WW-5	
ST-1	(NEW CIP) STREET REHABILITATION (2016-2017)						\$ 1,167,600	\$ 76,400	\$ 106,000					\$ 1,350,000	ST-1	
ST-2	(NEW CIP) STREET REHABILITATION (2017-2018)						\$ 1,164,000	\$ 77,900	\$ 108,100					\$ 1,350,000	ST-2	
ST-3	(NEW CIP) STREET REHABILITATION (2018-2019)						\$ 1,103,057	\$ 136,643	\$ 110,300					\$ 1,350,000	ST-3	
ST-4	(NEW CIP) STREET REHABILITATION (2019-2020)						\$ -	\$ 1,237,500	\$ 112,500					\$ 1,350,000	ST-4	
ST-5	(NEW CIP) STREET REHABILITATION (2020-2021)						\$ 1,152,500	\$ 82,700	\$ 114,800					\$ 1,350,000	ST-5	
ST-6	(NEW CIP) COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)						\$ 325,000							\$ 325,000	ST-6	
ST-7	(NEW CIP) SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)						\$ 140,000							\$ 140,000	ST-7	
L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)		\$ 6,500,000											\$ 6,500,000	L-1	
SUB TOTAL OF CATEGORY A PROJECTS		\$ -	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 5,052,157	\$ 1,611,143	\$ 551,700	\$ -	\$ 96,871,000	\$ 750,000	\$ 7,500,000	\$ 118,836,000		
FUNDS AVAIL. (LESS CATEGORY A PROJECTS)		\$ 16,309,706	\$ -	\$ 42,625,505	\$ 3,148,900	\$ -	\$ 234,844	\$ -	\$ -	\$ 3,640,830	\$ -	\$ 7,419,474	\$ 613,830	\$ 73,993,089		
CATEGORY B PROJECTS																
W-3	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)											\$ 70,000		\$ 70,000	W-3	
W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)											\$ 300,000		\$ 300,000	W-4	
W-5	(NEW CIP) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)											\$ 2,450,000		\$ 2,450,000	W-5	
ST-8	(NEW CIP) REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)						\$ 180,000							\$ 180,000	ST-8	
ST-9	(NEW CIP) ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)						\$ 25,000							\$ 25,000	ST-9	
SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	\$ 140,000												\$ 140,000	SW-1	
SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2020-2021)	\$ 250,000												\$ 250,000	SW-2	
B-1	(NEW CIP) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	\$ 147,834										\$ 147,833	\$ 147,833	\$ 443,500	B-1	
SUB TOTAL OF CATEGORY B PROJECTS		\$ 537,834	\$ -	\$ -	\$ -	\$ -	\$ 205,000	\$ -	\$ -	\$ -	\$ -	\$ 2,967,833	\$ 147,833	\$ 3,858,500		
FUNDS AVAIL. (LESS CATEGORY A AND B PROJECTS)		\$ 15,771,872	\$ -	\$ 42,625,505	\$ 3,148,900	\$ -	\$ 29,844	\$ -	\$ -	\$ 3,640,830	\$ -	\$ 4,451,641	\$ 465,997	\$ 70,134,589		
CATEGORY C PROJECTS																
P-1	(NEW CIP) SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD (6) PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK (2016-2017)	\$ 525,000								\$ 2,950,000				\$ 3,475,000	P-1	
P-2	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2017-2018)	\$ 1,155,000												\$ 1,155,000	P-2	
P-3	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2018-2019)	\$ 1,225,000								\$ 110,000				\$ 1,335,000	P-3	
P-4	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2019-2020)	\$ 1,120,000												\$ 1,120,000	P-4	
P-5	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021)	\$ 975,000								\$ 100,000				\$ 1,075,000	P-5	
P-6	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (Tennis Court) (2020-2021)	\$ 200,000												\$ 200,000	P-6	
SUB TOTAL OF CATEGORY C PROJECTS		\$ 5,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,160,000	\$ -	\$ -	\$ -	\$ 8,360,000		
FUNDS AVAIL. (LESS CATEGORY A, B, AND C PROJECTS)		\$ 10,571,872	\$ -	\$ 42,625,505	\$ 3,148,900	\$ -	\$ 29,844	\$ -	\$ -	\$ 480,830	\$ -	\$ 4,451,641	\$ 465,997	\$ 61,774,589		

(1)

Funds Available as of 7/1/2016 are based upon the Mid-Year Financial Review from FY 2015-2016 and also include \$2.0M Emerg. Reserve for CIP City, CIP Water and CIP Wastewater.

(2)

Funds transferred from the City General Fund (for CIP - City), Water Operations (CIP Water) and Wastewater Operations (CIP Wastewater) over the next five years per the Long-Term CIP Funding Program.

(3)

Revenue projections based on a preliminary projection of revenues in preparation of the 5-Year Financial Plan forecast.

(4)

City CIP and Bond Financing

(5)

Funds represent the deposits made by the developers of the following projects: Gilead Sciences; Chess Drive Offices; Pilgrim-Triton; and, 15-acre site. An advance from the City CIP Fund may be necessary in anticipation of subsequent reimbursement from the Chess Drive Offices that is planned but has not yet commenced construction. Transfer from the Developer Deposits expected for funds advanced by the City CIP.

(6)

Total estimated cost is \$3,450,000 (including \$500,000 advanced by City CIP to be repaid over a 10 year period from youth sports groups contributions). An additional advance of \$67,370 may also be needed from City CIP in FY 2016-17 in anticipation of Park in Lieu Funds to be collected in FY 2017-18.

(6)

Financing instrument is with Bond Financing and/or State Revolving Fund.

**TABLE C
CAPITAL IMPROVEMENT PROJECT (CIP) PLAN (FISCAL YEAR 2016-17)**

PROJECT NAME	Funding Source*	Total Project Cost	Prior Years' Funding	FY 2016-2017 Funding	City Capital Investment	City Capital Investment and Bond Financing	Developer Deposits	Foster City Foundation	Measure A	Gas Tax (2103)	Measure M	Park-In-Lieu	Bond Financing/SRF	Water Capital Investment	Wastewater Capital Investment
WATER PROJECTS															
(NEW CIP) WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)	CW	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -
(NEW CIP) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	CW	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
TOTAL WATER PROJECTS	2	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -
WASTEWATER PROJECTS															
(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	BF/SRF	\$ 16,830,000	\$ 5,931,000	\$ 10,899,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,899,000	\$ -	\$ -
(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	CWW	\$ 750,000	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
(NEW CIP) WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)	CWW	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
TOTAL WASTEWATER PROJECTS	3	\$ 17,830,000	\$ 5,931,000	\$ 11,899,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,899,000	\$ -	\$ 1,000,000
STREETS/TRAFFIC PROJECTS															
(NEW CIP) STREET REHABILITATION (2016-2017)	MA/MM/GT	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,167,600	\$ 76,400	\$ 106,000	\$ -	\$ -	\$ -
(NEW CIP) COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)	MA	\$ 325,000	\$ -	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)	MA	\$ 140,000	\$ -	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)	MA	\$ 180,000	\$ -	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)	CC	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL STREETS/TRAFFIC PROJECTS	5	\$ 2,020,000	\$ -	\$ 2,020,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,837,600	\$ 76,400	\$ 106,000	\$ -	\$ -	\$ -
STORMWATER/LAGOON PROJECTS															
NONE		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL STORMWATER/LAGOON PROJECTS	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PARKS PROJECTS															
(NEW CIP) SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION - SEA CLOUD PARK & TOTAL PARKS PROJECTS	CC/PIL	\$ 3,475,000	\$ -	\$ 3,475,000	\$ 525,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,950,000	\$ -	\$ -
LEVEE PROJECTS															
(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	CC	\$ 4,077,465	\$ 1,577,465	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LEVEE PROJECTS	1	\$ 4,077,465	\$ 1,577,465	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BUILDING PROJECTS															
(NEW CIP) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	CC/CW/CWW	\$ 240,757	\$ -	\$ 240,757	\$ 80,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,252	\$ 80,252
TOTAL BUILDING PROJECTS	1	\$ 240,757	\$ -	\$ 240,757	\$ 80,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,252	\$ 80,252
GRAND TOTAL	12	\$ 27,943,222	\$ 7,508,465	\$ 20,434,757	\$ 605,253	\$ 2,500,000	\$ -	\$ -	\$ 1,837,600	\$ 76,400	\$ 106,000	\$ 2,950,000	\$ 10,899,000	\$ 380,252	\$ 1,080,252

* CC=CIP City; DD = Developer Deposits; GT=Gas Tax (2103); MA=Measure A; MM=Measure M; PG = Private Grants (Foster City Foundation); PIL=Park-In-Lieu; CW=CIP Water; CWW=CIP Wastewater; BF=Bond Financing; SRF=State Revolving Fund

TABLE D
ACTIVE AND PROPOSED CIP'S THROUGH FY 2020-21

ACTIVE PROJECT	DESCRIPTION	FY AUTH	PRIOR YEARS BUDGET AND ADJUSTMENT	CURRENT YEAR BUDGET AND ADJUSTMENT (2015-2016)	TOTAL APPROVED BUDGET AND ADJUSTMENT	2016-17	2017-18	2018-19	2019-20	2020-21	ESTIMATED TOTAL PROJECT BUDGET
455-611	SEWER SYSTEM REHABILITATION-FORCE MAINS, GRAVITY MAINS AND MANHOLES (10/11 TO 11/12)	10-11	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000
301-621	VINTAGE PARK OVERCROSSING PROJECT (2011-2012 TO 2012-2013)	11-12	\$ 2,150,000	\$ 15,000	\$ 2,165,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,165,000
455-626	SANITARY SEWER LIFT STATION IMPROVEMENTS PROJECT-PHASE 5 (2012-2013)*	12-13	\$ 6,075,000	\$ -	\$ 6,075,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,075,000
301-629	DREDGING AT THE LAGOON INTAKE STRUCTURE (2012-2013)	12-13	\$ 650,000	\$ 1,300,000	\$ 1,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,950,000
301-635	MEDIAN MODIFICATIONS - FOSTER CITY BLVD AT CHESS DRIVE - MP#3 (2013-2014, 2014-2015)	13-14	\$ 190,000	\$ 155,540	\$ 345,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,540
405-636	WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)	13-14	\$ 475,000	\$ -	\$ 475,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475,000
301-637	ROAD IMPROVEMENTS AT FOSTER CITY BLVD AT CHESS DRIVE - MP #4, #7, #8 (2013-2014)	13-14	\$ 381,000	\$ 760,000	\$ 1,141,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141,000
301-641	PARK INFRASTRUCTURE IMPROVEMENTS (2013-2014)	13-14	\$ 286,000	\$ -	\$ 286,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,000
455-645	LIFT STATION 59 EFFLUENT LINE IMPROVEMENTS (2014-2015)	14-15	\$ 50,000	\$ 413,000	\$ 463,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,000
301-648	WOODEN DOCK AND CONCRETE DECK ADJACENT TO EDGEWATER PLACE (2014-2015)	14-15	\$ 50,000	\$ 120,000	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
301-650	PARK INFRASTRUCTURE IMPROVEMENTS (2014-2015)	14-15	\$ 575,000	\$ 53,354	\$ 628,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,354
301-651	TWO NATURAL GAS POWERED ENGINES AND PUMPS REPLACEMENT (2013-2014)	13-14	\$ 964,295	\$ -	\$ 964,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 964,295
455-652	WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	15-16	\$ -	\$ 5,931,000	\$ 5,931,000	\$ 10,899,000	\$ 13,513,000	\$ 23,477,000	\$ 26,027,000	\$ 22,955,000	\$ 102,802,000
301-653	STREET REHABILITATION (2015-2016)	15-16	\$ -	\$ 1,150,000	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150,000
301-654	LAGOON INTAKE GATE REPLACEMENT (2015-2016)	15-16	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
301-655	PARK INFRASTRUCTURE IMPROVEMENTS- LEO RYAN PARK LAWN CONVERSION AND BOCCIE COURTS (2015-2016)	15-16	\$ -	\$ 925,000	\$ 925,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,000
301-656	PARK INFRASTRUCTURE IMPROVEMENTS (2015-2016)	15-16	\$ -	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
301-657	LEEVE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	15-16	\$ -	\$ 1,577,465	\$ 1,577,465	\$ 2,500,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 8,077,465
301-658	TRAFFIC IMPROVEMENTS @ LINCOLN CENTRE DR. AND E. 3RD AVE. (2015-2016)	15-16	\$ -	\$ 626,175	\$ 626,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,175
NEW	(NEW CIP) WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
NEW	(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 50,000	\$ 2,400,000	\$ -	\$ -	\$ -	\$ 2,450,000
NEW	(NEW CIP) SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
NEW	(NEW CIP) WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
NEW	(NEW CIP) STREET REHABILITATION (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000
NEW	(NEW CIP) COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ 325,000
NEW	(NEW CIP) SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ 140,000
NEW	(NEW CIP) REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ 180,000
NEW	(NEW CIP) ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
NEW	(NEW CIP) SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 3,475,000	\$ -	\$ -	\$ -	\$ -	\$ 3,475,000
NEW	(NEW CIP) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	16-17	\$ -	\$ -	\$ -	\$ 240,757	\$ 202,743	\$ -	\$ -	\$ -	\$ 443,500
NEW	(NEW CIP) STREET REHABILITATION (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ 1,350,000
NEW	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ -	\$ 1,155,000	\$ -	\$ -	\$ -	\$ 1,155,000
NEW	(NEW CIP) WATER SYSTEM IMPROVEMENTS (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ -	\$ 70,000
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
NEW	(NEW CIP) STREET REHABILITATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ -	\$ -	\$ 140,000
NEW	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,335,000	\$ -	\$ -	\$ 1,335,000
NEW	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 5,500,000	\$ 6,000,000
NEW	(NEW CIP) STREET REHABILITATION (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000
NEW	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,120,000	\$ -	\$ 1,120,000
NEW	(NEW CIP) SANITARY SEWER SYSTEM IMPROVEMENTS (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
NEW	(NEW CIP) STREET REHABILITATION (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
NEW	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,075,000	\$ 1,075,000
NEW	(NEW CIP) PARK INFRASTRUCTURE IMPROVEMENTS (Tennis Court) (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
	TOTAL		\$ 12,296,295	\$ 13,751,534	\$ 26,047,829	\$ 20,434,757	\$ 22,620,743	\$ 27,172,000	\$ 28,997,000	\$ 31,830,000	\$ 157,102,329

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

WATER SYSTEM IMPROVEMENTS (2018-2019)

Funding	Funding Sources	
	CIP Water	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	500,000	500,000
2019-2020	-	-
2020-2021	-	-
Total	500,000	500,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	377,399	6%	22,600	399,999
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	377,399		22,600	399,999
Contingency 25%	94,300		5,700	100,000
Totals	471,699		28,300	499,999

Valves included in the project are leaking or not functioning properly. The defective valves are discovered during water main and fire hydrant flushing operations. To minimize shutdown of a large group of customers during emergency repairs, new valves are installed at strategic locations to isolate pipeline sections.

This ongoing program helps to keep the water distribution system in reliable condition, minimizing emergency repairs. The program may include the use of line-stop technology during construction to minimize water service interruptions to large blocks of customers.

Funding is provided every four years for this ongoing program. Funding of \$500,000 is requested in FY 2018-2019.

ESTIMATED PROJECT SCHEDULE:

Design	FY 2018-2019
Construction	FY 2019-2020

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project is part of the District's ongoing program to maintain and upgrade the water system by installing and/or replacing valves and appurtenances to improve reliability and minimize service interruption to its customers.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)

Funding Sources		
Funding	CIP Water	Total
2016-2017	250,000	250,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	250,000	250,000

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	200,000	0%	-	200,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	200,000	-	-	200,000
Contingency 25%	50,000	-	-	50,000
Totals	250,000	-	-	250,000

provide an analytical planning document to refer to with regards to the system's future development and growth. In addition, the Water Distribution System Master Plan will identify deficiencies and prioritize repairs to be included in the long-range CIP.

The general scope of work includes review of available reports on water supply and Master Sales Agreement with the San Francisco Public Utilities Commission (SFPUC), perform data collection and assessment of the water system including storage tanks and pressure reducing stations, perform water system inspections and audits to identify leaks and evaluate overall system performance, review District's General Plan for future growth, and develop a comprehensive hydraulic model or update the existing model using the collected information. The Water Distribution System Master Plan will identify deficiencies and prioritize improvements to be included in the long-range CIP plan (20-year).

ESTIMATED PROJECT SCHEDULE:

Request for Proposal/Perform Work

FY 2016-2017

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

The District's water infrastructure system was constructed in the early 1960's. The District currently has an active Capital Improvement Program (CIP) to replace water valves, water meters, and water pumps. By incorporating a comprehensive Water Distribution Master Plan, it would

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)

Funding	Funding Sources	
	CIP Water	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	70,000	70,000
2019-2020	-	-
2020-2021	-	-
Total	70,000	70,000

Expenditures	Expenditure Categories			Total
	Estimated Project Cost	Inflation %	Inflation Escalation	
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	66,000	6%	4,000	70,000
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	66,000		4,000	70,000
Contingency 0%	-		-	-
Totals	66,000		4,000	70,000

The pump station currently houses six (6) engines and pumps that are used to pump water from District's four (4) storage tanks into the distribution system during periods of peak demand and to cycle the water in the storage tanks.

The report concluded that the pump station meets the current Seismic Code. However, the report recommended reinforcing the door frame of the roll-up door to prevent deformation or drifts resulting from a seismic event that may prevent the door from opening and closing. The report also recommended installing flexible connections on the underground utilities entering the building to allow differential movement during earthquakes.

Funding is requested in the amount of \$70,000 in FY 2018-2019 for the design and construction of the project.

ESTIMATED PROJECT SCHEDULE:

Evaluation/Study Completed
Request for Proposal
Design and Construction

September 2013
FY 2018-2019
FY 2018-2019

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

A contract with G&E Engineering Systems, Inc. was executed in Summer 2012 to perform the Seismic Vulnerability Assessment of the Water Booster Pump Station located at the City's/District's Corporation Yard. The report was completed in September 2013.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)

Funding	Funding Sources	
	CIP Water	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	300,000	300,000
2019-2020	-	-
2020-2021	-	-
Total	300,000	300,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	283,000	6%	17,000	300,000
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	283,000		17,000	300,000
Contingency 0%	-		-	-
Totals	283,000		17,000	300,000

The water tanks provide emergency supply storage, as well as storage for peak use periods and firefighting needs. Water Tank Nos. 1 and 2 are the oldest of the tanks and were constructed in 1965 and 1974 respectively. Water Tank No. 3 was built in 1993. All three tanks are welded steel structures and are approximately 150 feet in diameter and 30 feet in height. The protective coating on all three tanks was replaced in 2001.

The report concluded that all three tanks meet the current code and are adequate for the 475 year minimum code level earthquake. However, the drain pipes in the older tanks, Tank Nos. 1 and 2 are connected to the floors of the tanks, and could potentially break in the event any earthquakes should occur due to the ground movement. G&E recommended that the drain pipes be installed onto the tanks' shells with flexible connections. The report also noted corrosion spots on the exterior of the tanks. Spot repairs for all three steel tanks will also be included in the project.

Funding is requested in the amount of \$300,000 in FY 2018-2019 for the design and construction of the project.

PROJECT PRIORITY CATEGORY: B

PROJECT DESCRIPTION:

A contract with G&E Engineering Systems, Inc. was executed in Summer 2012 to perform the Seismic Vulnerability Assessment of the District's three (3) water storage tanks located at the City's/District's Corporation Yard. The report was completed in September 2013.

ESTIMATED PROJECT SCHEDULE:

Evaluation/Study Completed	September 2013
Request for Proposal	FY 2018-2019
Design and Construction	FY 2018-2019

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN**REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)**

Funding	Funding Sources	
	CIP Water	Total
2016-2017	50,000	50,000
2017-2018	2,400,000	2,400,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	2,450,000	2,450,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	50,000	0%	-	50,000
2017-2018	1,933,700	3%	58,000	1,991,700
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	1,983,700		58,000	2,041,700
Contingency 20%	396,700		11,600	408,300
Totals	2,380,400		69,600	2,450,000

The water tanks provide emergency supply storage, as well as storage for peak use periods and firefighting needs. In 2004, the coating on the three (3) water tanks was removed completely down to the bare metal. In the tank coating industry, the estimated life of steel tank coatings is 10 to 15 years. The three tanks are welded steel structures and are approximately 150 feet in diameter and 30 feet in height. The protective coating on all three tanks was last replaced in 2004.

The review by an engineering firm revealed that the coating on all three (3) steel tanks is beginning to show signs of failure. This failure requires that the coating be refurbished and or replaced based on further evaluation.

Funding is requested in the amount of \$50,000 in FY 2016-2017 for the design and \$2,400,000 in FY 2017-2018 for the construction of the project.

ESTIMATED PROJECT SCHEDULE:

Request for Proposal	FY 2016-2017
Design	FY 2016-2017
Construction	FY 2017-2018

PROJECT PRIORITY CATEGORY: B**PROJECT DESCRIPTION:**

In January 2015, a review of the tank coatings on the District's three (3) steel water storage tanks located at the City's/District's Corporation Yard was performed. The review confirmed the need to repaint the three (3) steel tanks in the near future.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2019-2020)

Funding	Funding Sources	
	CIP	
	Wastewater	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	-	-
2019-2020	500,000	500,000
2020-2021	5,500,000	5,500,000
Total	6,000,000	6,000,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	480,000	9%	43,200	523,200
2020-2021	3,900,000	12%	468,000	4,368,000
Subtotal	4,380,000		43,200	4,891,200
Contingency 25%	1,095,000		10,800	1,105,800
Totals	5,475,000		54,000	5,997,000

Lift station improvements generally include items of work such as: repairing interior wet wells; installing new pumps, motors and valves; replacing electrical control cabinets and components; installing bypass piping and connections; replacing corroded components; replacing manhole covers with lighter hatches; and installing control monitoring equipment.

Phase 4 was completed in February 2012 and included improvements to six (6) lift stations. Phase 5 will include various repairs at ten (10) lift stations. Phase 5 is anticipated to be completed in FY 2017. It is anticipated Phase 6 will begin in FY 2019-2020.

Funding of \$500,000 is requested in FY 2019-2020 to develop construction documents for Phase 6. Depending on the priority list, the amount of funding and timing will be adjusted.

ESTIMATED PROJECT SCHEDULE:

Project Report and Design	FY 2019-2020
Project Construction	FY 2020-2021
Project Closeout	FY 2022-2023

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project is part of a multi-phase program started in 2000 to rehabilitate the sewer system lift stations by performing preventative maintenance and upgrades to ensure reliable operation of them. The program provides for a project to be constructed every three to four years to achieve economies of scale. Over a 25-year period, all of the District's 48-lift stations will be repaired and rehabilitated.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SANITARY SEWER SYSTEM IMPROVEMENTS (2020-2021)

Funding Sources		
CIP		
Funding	Wastewater	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	500,000	500,000
Total	500,000	500,000

Expenditure Categories				
Expenditures	Estimated	Inflation		Total
	Project Cost	Inflation %	Escalation	
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	357,100	12%	42,900	400,000
Subtotal	357,100		42,900	400,000
Contingency 25%	89,300		10,700	100,000
Totals	446,400		53,600	500,000

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project will continue the District's multi-phased program of assessing the condition and performing repairs to the sanitary sewer collection system gravity mains. The repairs are based on the video inspections performed by the District's Public Works Maintenance staff.

To date, staff has completed a comprehensive television inspection of the gravity collection mains throughout the District. The inspections show that the system is generally in good condition although corrosion damage and repair/rehabilitation work is required at some locations.

After review of the video inspection data, staff will prepare a priority list based on the severity of the deficiencies. Repairs will be performed to extend the useful life of the sewer mains and manholes throughout the District's collection system.

Typical problems and issues include:

- Due to the differential settlement over time, the pipelines have developed sags at various locations creating low spots. These sags exacerbate the deposit of grease and debris resulting in the need for more frequent maintenance. Left unrepaired, these low spots could become hotspots for sewage backup.
- Due to the corrosive gas (hydrogen sulfide) produced by the sewage, concrete manholes have developed cracks causing groundwater infiltration, which increases flow and treatment costs.

Funding is provided every four years for this ongoing program.

ESTIMATED PROJECT SCHEDULE:

Compilation of Priority List	FY 2019-2020
Design	FY 2020-2021
Construction	FY 2021-2022

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)

Funding Sources

Funding	Bond Financing/SRF	Total
2016-2017	10,899,000	10,899,000
2017-2018	13,513,000	13,513,000
2018-2019	23,477,000	23,477,000
2019-2020	26,027,000	26,027,000
2020-2021	22,955,000	22,955,000
Total	96,871,000	96,871,000

Expenditure Categories

Expenditures	Estimated Project Cost	Total
2016-2017	10,899,000	10,899,000
2017-2018	13,513,000	13,513,000
2018-2019	23,477,000	23,477,000
2019-2020	26,027,000	26,027,000
2020-2021	22,955,000	22,955,000
Subtotal	96,871,000	96,871,000
Contingency 0%	-	-
Totals	96,871,000	96,871,000

Treatment Plant (WWTP), EMID and San Mateo are responsible for providing efficient and reliable wastewater services to Foster City and the other communities served.

The jointly owned WWTP is an aging facility that needs improvements to continue to meet current and future flows, and permit requirements. There are numerous projects that are needed in both the near-term and long-term to rehabilitate or replace facilities that are failing and/or are at the end of their useful life.

As a result, a comprehensive 20-year Integrated Wastewater Master Plan was developed by Carollo Engineers. In October 2014, CH2M Hill was hired to provide Program Management Services to support all aspects of the implementation of the program and validate the 2014 Baseline Master Plan (BMP) developed by Carollo Engineers. The 2015 validation studies showed that the 2014 BMP had some limitations in meeting potential future regulatory requirements and providing for recycled water production. Four alternatives to the 2014 BMP were presented to both EMID's Board of Directors and San Mateo's City Councilmembers in August 2015. Both government bodies indicated support in performing additional planning, economic, and technical feasibility investigations for implementation of the Membrane Bio-Reactor (MBR) alternative, which would meet the program's goals, reduce the program length from 20 to 10 years, and reduce combined program costs by approximately \$100 million dollars.

PROJECT PRIORITY CATEGORY: A

PROJECT DESCRIPTION:

Estero Municipal Improvement District (EMID) and the City of San Mateo (San Mateo) jointly own the San Mateo Wastewater Treatment Plant (WWTP) through a Joint Powers Agreement (JPA). The City of San Mateo operates the plant. As co-permit holders for the Wastewater

The amended Master Plan program addresses the following elements:

- Repair and replacement of aging infrastructure
- Provide adequate capacity to treat projected wet weather flows
- Meet current and future regulatory requirements
- Meet both governmental bodies' sustainability objectives including recycled water

In accordance with the percentages of ownership for each of the governmental bodies (San Mateo owns 75 percent and EMID owns 25 percent) of the WWTP, established in the JPA, EMID is only responsible for the relevant work related to the Wastewater Treatment Plant Master Plan improvements. EMID is not responsible for San Mateo's collection system improvements. Total project costs are estimated at **\$770 (TBD)** million dollars over a 10-year period, which includes both the WWTP and collection system projects. The estimated share of the WWTP costs for EMID is approximately \$113 million dollars. Budget numbers used are based on the 90 plus projects currently identified in the Clean Water Program. Erler & Kalinowski, Inc. is providing technical support services for EMID. As projects are bid and construction continues, budget numbers will be further refined and shall be included in future funding requests.

ESTIMATED PROJECT SCHEDULE:

Construction	FY 2015-2016 and Beyond
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CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)

Funding Sources		
	CIP Wastewater	Total
2016-2017	750,000	750,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	750,000	750,000

main receives wastewater from Neighborhood Nos. 7 and 8 (Lift Station Nos. 33 and 34) and is 40 years old. The line has been repaired four times in the last 10 years and is in need of a more permanent repair.

This project is intended to permanently fix the sewer force main prior to the Edgewater Boulevard street overlay project scheduled to begin in FY 2017-2018.

ESTIMATED PROJECT SCHEDULE:

Project Design
Construction

Winter 2016
FY 2016-2017

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	600,000	0%	-	600,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	600,000		-	600,000
Contingency 25%	150,000		-	150,000
Totals	750,000		-	750,000

PROJECT PRIORITY CATEGORY: A

PROJECT DESCRIPTION:

A 12-inch sanitary sewer force main runs through the northbound lanes of Edgewater Boulevard from Beach Park Boulevard to Regulus Street. This sanitary sewer force main has been identified for rehabilitation. This sanitary sewer force

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)

Funding Sources				
CIP				
Funding	Wastewater		Total	
2016-2017	250,000		250,000	
2017-2018	-		-	
2018-2019	-		-	
2019-2020	-		-	
2020-2021	-		-	
Total	250,000		250,000	

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	200,000	0%	-	200,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	200,000		-	200,000
Contingency 25%	50,000		-	50,000
Totals	250,000		-	250,000

than expected condition. The proposed Wastewater Collection System Master Plan Study will include evaluation of the overall collection system.

The general scope of work includes review of the Harris Consultants, Inc. report, perform data collection and assessment of the wastewater system, perform flow monitoring and investigate inflow and infiltration conditions, review the District's General Plan for future growth, develop a comprehensive hydraulic model using the collected information, and perform infrastructure performance and condition assessment. Based on the above, the study will include the development of a 20-year Capital Improvement Program (CIP) plan with recommended projects and cost estimates for planning purposes.

The District currently has an active CIP to rehabilitate its wastewater lift stations. By incorporating a comprehensive Wastewater Collection System Master Plan, it would provide an analytical planning document to refer to with regards to the system's future development and growth. In addition, the Wastewater Collection System Master Plan will identify deficiencies and prioritize improvements to be included in the long-range CIP plan (20-year).

PROJECT PRIORITY CATEGORY: A

PROJECT DESCRIPTION:

The District's wastewater infrastructure system was constructed in the early 1960's. In 1993, the Harris Consultants, Inc. completed the Sewer Force Main Master Plan and Inspection Program report for the District. The report indicated that most of the force mains are in better

ESTIMATED PROJECT SCHEDULE:

Request for Proposal/Perform Work

FY 2016-2017

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

STREET REHABILITATION (2016-2017)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2016-2017	1,167,600	76,400	106,000	1,350,000
2017-2018	-	-	-	-
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	-	-	-	-
Total	1,167,600	76,400	106,000	1,350,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	1,080,000	0%	-	1,080,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	1,080,000		-	1,080,000
Contingency 25%	270,000		-	270,000
Totals	1,350,000		-	1,350,000

The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays. The project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired.

The federal and state transportation grant funding is used when available. Future multi-year funding is proposed to assure availability of local matching funds to maximize grant eligibilities. Funding for the local share of the project will be provided by Measure A and Measure M. The latest inspection report dated February 2016 indicated the need for an amount of \$1,350,000 to increase the network average Pavement Condition Index (PCI) from 82 to 84 and maintain it over a five-year period.

Funding is requested in the amount of \$1,350,000 in FY 2016-2017 for the project.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Ongoing maintenance of the public streets is essential. This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective manner, a Pavement Management Program (PMP) is used.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)
Construction

FY 2016-2017
Summer 2017

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

STREET REHABILITATION (2017-2018)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2016-2017	-	-	-	-
2017-2018	1,164,000	77,900	108,100	1,350,000
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	-	-	-	-
Total	1,164,000	77,900	108,100	1,350,000

The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays. The project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired.

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	1,048,500	3%	31,500	1,080,000
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	1,048,500		31,500	1,080,000
Contingency 25%	262,100		7,900	270,000
Totals	1,310,600		39,400	1,350,000

The federal and state transportation grant funding is used when available. Future multi-year funding is proposed to assure availability of local matching funds to maximize grant eligibilities. Funding for the local share of the project will be provided by Measure A and Measure M. The latest inspection report dated February 2016 indicated the need for an amount of \$1,350,000 to increase the network average Pavement Condition Index (PCI) from 82 to 84 and maintain it over a five-year period.

Funding is requested in the amount of \$1,350,000 in FY 2017-2018 for the project.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Ongoing maintenance of the public streets is essential. This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective manner, a Pavement Management Program (PMP) is used.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)
Construction

FY 2017-2018
Summer 2018

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

STREET REHABILITATION (2018-2019)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2016-2017	-	-	-	-
2017-2018	-	-	-	-
2018-2019	1,103,057	136,643	110,300	1,350,000
2019-2020	-	-	-	-
2020-2021	-	-	-	-
Total	1,103,057	136,643	110,300	1,350,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	1,018,900	6%	61,100	1,080,000
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	1,018,900		61,100	1,080,000
Contingency 25%	254,700		15,300	270,000
Totals	1,273,600		76,400	1,350,000

The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays. The project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired.

The federal and state transportation grant funding is used when available. Future multi-year funding is proposed to assure availability of local matching funds to maximize grant eligibilities. Funding for the local share of the project will be provided by Measure A and Measure M. The latest inspection report dated February 2016 indicated the need for an amount of \$1,350,000 to increase the network average Pavement Condition Index (PCI) from 82 to 84 and maintain it over a five-year period.

Funding is requested in the amount of \$1,350,000 in FY 2018-2019 for the project.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Ongoing maintenance of the public streets is essential. This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective manner, a Pavement Management Program (PMP) is used.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)
Construction

FY 2018-2019
Summer 2019

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

STREET REHABILITATION (2019-2020)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2016-2017	-	-	-	-
2017-2018	-	-	-	-
2018-2019	-	-	-	-
2019-2020	-	1,237,500	112,500	1,350,000
2020-2021	-	-	-	-
Total	-	1,237,500	112,500	1,350,000

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	990,800	9%	89,200	1,080,000
2020-2021	-	12%	-	-
Subtotal	990,800		89,200	1,080,000
Contingency 25%	247,700		22,300	270,000
Totals	1,238,500		111,500	1,350,000

manner, a Pavement Management Program (PMP) is used. The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays. The project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired.

The federal and state transportation grant funding is used when available. Future multi-year funding is proposed to assure availability of local matching funds to maximize grant eligibilities. Funding for the local share of the project will be provided by Measure A and Measure M. The latest inspection report dated February 2016 indicated the need for an amount of \$1,350,000 to increase the network average Pavement Condition Index (PCI) from 82 to 84 and maintain it over a five-year period.

Funding is requested in the amount of \$1,350,000 in FY 2019-2020 for the project.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Ongoing maintenance of the public streets is essential. This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective

ESTIMATED PROJECT SCHEDULE:

Project Design – In-house
Construction

FY 2019-2020
Summer 2020

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

STREET REHABILITATION (2020-2021)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2016-2017	-	-	-	-
2017-2018	-	-	-	-
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	1,152,500	82,700	114,800	1,350,000
Total	1,152,500	82,700	114,800	1,350,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	964,300	12%	115,700	1,080,000
Subtotal	964,300		115,700	1,080,000
Contingency 25%	241,100		28,900	270,000
Totals	1,205,400		144,600	1,350,000

The streets are inspected every two years and the database is updated in the PMP. The streets selected for the project are determined primarily through the PMP program analysis. The program also helps determine the most cost-effective treatment to extend the life of the roadway. The normal repair methods include: crack seal, slurry seal, dig-out repairs and surface overlays. The project also includes curb and gutter replacement and sidewalk repairs on the streets that are being repaired.

The federal and state transportation grant funding is used when available. Future multi-year funding is proposed to assure availability of local matching funds to maximize grant eligibilities. Funding for the local share of the project will be provided by Measure A and Measure M. The latest inspection report dated February 2016 indicated the need for an amount of \$1,350,000 to increase the network average Pavement Condition Index (PCI) from 82 to 84 and maintain it over a five-year period.

Funding is requested in the amount of \$1,350,000 in FY 2020-2021 for the project.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Ongoing maintenance of the public streets is essential. This project is intended to repair/resurface public streets. To implement this ongoing program in the most cost-effective manner, a Pavement Management Program (PMP) is used.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)
Construction

FY 2020-2021
Summer 2021

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

COMPREHENSIVE CITYWIDE TRAFFIC STUDY (2016-2017)

Funding Sources

Measure

	A	Total
2016-2017	325,000	325,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	325,000	325,000

Expenditure Categories

Expenditures	Estimated Project Cost	Inflation %	Inflation Escalati on	Total
2016-2017	270,800	0%	-	270,800
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	270,800		-	270,800
Contingency 20%	54,200		-	54,200
Totals	325,000		-	325,000

PROJECT DESCRIPTION:

The Comprehensive Citywide Traffic Study will include technical studies of the City's current roadway network to determine whether it adequately serves the needs of its residents and community, or if improvements are needed.

Traffic improvements include: vehicular, bicycle, and pedestrian analysis. Grants could be used to offset approximately 50 percent of the total costs.

ESTIMATED PROJECT SCHEDULE:

Request for Proposal/Perform Work

FY 2016-2017

PROJECT PRIORITY CATEGORY: A

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)

Funding	Funding Sources	
	Measure A	Total
2016-2017	140,000	140,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	140,000	140,000

at the Animal Cove Pet Hospital to the west (410 feet) and the bay trail to the east (690 feet). This will allow safe travel for the public along Beach Park Boulevard to get to the Bridgeview Park.

Estimated cost to fund this project is approximately \$140,000. Funding is requested in FY 2016-2017.

ESTIMATED PROJECT SCHEDULE:

Design/Construction

FY 2016-2017

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	112,000	0%	-	112,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	112,000		-	112,000
Contingency 25%	28,000		-	28,000
Totals	140,000		-	140,000

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project will construct sidewalk, curb, and gutter along Beach Park Boulevard adjacent to the newly constructed Bridgeview Park entrance. Approximately, 1,100 linear feet of new sidewalk will be installed on either side of the Bridgeview Park driveway connecting the existing sidewalks

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)

	Funding Sources	
	Measure A	Total
2016-2017	180,000	180,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	180,000	180,000

a Capital Improvement Program project. The bricks have settled and concrete banding has localized chipped or spalled areas, causing an uneven roadway surface.

Brick pavers with concrete banding are used as a decorative surface finishing in many intersections, crosswalks, and medians in the Vintage Park area of the city. This recurring theme was incorporated into the original construction of the streets when the Vintage Park area was developed.

At the CIP budget meeting on March 23, 2015, the City Council directed staff to develop a CIP project to remove the existing concrete bands and brick pavers at the Vintage Park Drive/Chess Drive intersection and the crosswalk in front of the Crown Plaza including the driveways. The pavers and concrete banks shall be replaced with asphalt concrete (AC) to match the roadway. The crosswalks will be re-stripped with white thermoplastic, similar to other streets in the city. Future maintenance costs would be similar to other city streets with AC resurfacing every 10 to 15 years. The estimated cost of this alternative is approximately \$180,000.

ESTIMATED PROJECT SCHEDULE:

Project Design
Construction

FY 2016-2017
Summer 2017

PROJECT PRIORITY CATEGORY: B

PROJECT DESCRIPTION:

The project provides for the replacement of the brick pavers and concrete bands on Chess Drive. The brick pavers at this location were removed and reset in December 2006 as part of

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)

	Funding Sources	
	Measure A	Total
2016-2017	25,000	25,000
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	25,000	25,000

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	20,800	0%	-	20,800
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	20,800	-	-	20,800
Contingency 20%	4,200	-	-	4,200
Totals	25,000	-	-	25,000

identified in the EIR:

- Addition of a second right-turn lane on southbound Foster City Boulevard at Metro Center Drive. The additional southbound right-turn lane will reduce queuing from the SR 92 eastbound on-ramp to southbound Foster City Boulevard. (TRANS-2 of EIR)
- Reducing vehicle delay at the intersection of SR 92 Eastbound Ramps/Metro Center Boulevard would require the addition of capacity to the eastbound SR 92 on-ramp, requiring Caltrans approval. Currently, there are no planned capacity improvements for this on-ramp. SR 92 to the east of the on-ramp reduces to three lanes approaching the San Mateo Bridge, which limits the capacity of the mainline and causes the existing vehicle queues to extend back to City streets. Extending the merge lane on the SR 92 on-ramp by approximately 400 feet would increase the storage of the on-ramp and reduce vehicle queues so that they do not extend back as frequently onto City streets. (TRANS-8 of EIR)

PROJECT PRIORITY CATEGORY: B

PROJECT DESCRIPTION:

Traffic related impacts from the BioMed development project in Foster City were identified in the Lincoln Centre Life Sciences Research Campus Project Environmental Impact Report (EIR). Based on the traffic analysis performed for the traffic related impacts, various roadway improvements were identified to improve existing traffic operations and to accommodate the projected traffic from the new developments.

This project will address two of the mitigation measures

This project will require both coordination and approval from Caltrans since it owns a portion of the roadway improvements. If approved, the BioMed development will contribute its share to the funding of the roadway improvements.

Funding is requested in the amount of \$25,000 for the preliminary design in the FY 2016-2017 budget.

ESTIMATED PROJECT SCHEDULE:

Preliminary Design	FY 2016-2017
Detailed Design	FY 2017-2018
Construction	FY 2018-2019

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)

Funding	Funding Sources	
	CIP City	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	140,000	140,000
2019-2020	-	-
2020-2021	-	-
Total	140,000	140,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	132,100	6%	7,900	140,000
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	132,100		7,900	140,000
Contingency 0%	-		-	-
Totals	132,100		7,900	140,000

The pump station houses two (2) engines/pumps used to pump lagoon water into the bay to control the water level in the interior lagoon.

The report concluded that the pump station meets the current Seismic Code. However, the report recommended the following improvements:

1. Reinforce the door frame of the roll-up door to prevent deformation or drifts resulting from a seismic event that may prevent the door from opening and closing.
2. Isolate the tidal channel walls from the building to stop and prevent differential settlement.
3. Install flexible connections onto the underground utilities entering the building to allow movement during earthquakes.

Funding is requested in the amount of \$140,000 in FY 2018-2019 for the design and construction of the project.

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

A contract with G&E Engineering Systems, Inc. was executed in Summer 2012 to perform the Seismic Vulnerability Assessment of the Lagoon Pump Station located at the City's/District's Corporation Yard. The report was completed in September 2013.

ESTIMATED PROJECT SCHEDULE:

Evaluation/Study Completed
Request for Proposal and Design
Construction

September 2013
FY 2018-2019
FY 2019-2020

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2020-2021)

	Funding Sources	
	CIP City	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	250,000	250,000
Total	250,000	250,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	178,599	12%	21,400	199,999
Subtotal	178,599		21,400	199,999
Contingency 25%	44,600		5,400	50,000
Totals	223,199		26,800	249,999

In 2006, CSG Consultants, Inc. reviewed Caltrans' above water inspection reports for the years 1999, 2001, 2003, and 2005. CSG's report indicated that the bridges are in good condition with no outstanding structural issues that require immediate attention. In 2009, Nolte Associates, Inc. (Nolte) was hired to review CSG's report as well as Caltrans' inspection reports for the years 2007 and 2009. Based on the findings, Nolte developed project plans and specifications. Construction was completed in 2010.

Caltrans performed underwater inspections in 2010 and 2015. The reports did not identify any immediate repairs. The next scheduled underwater inspection is planned in 2020.

The proposed project involves the review of Caltrans' underwater inspection reports for 2010, 2015, and 2020 by a structural consultant. The consultant will also conduct a comprehensive underwater inspection of the support structures. If structural deficiencies are found, the consultant will prepare construction documents to address the issues.

Funding of \$250,000 is requested in the FY 2020-2021 for the comprehensive underwater inspections of the support piers. If the inspections show that repairs are needed, a request for funding will be brought to the City Council for approval.

PROJECT PRIORITY CATEGORY: B

PROJECT DESCRIPTION:

Caltrans performs routine inspections of City-owned bridges (Bicentennial, Foster City, Rainbow, and Shell). The bridge structure above water is inspected every two years and the bridge structure underwater is inspected every five years.

ESTIMATED PROJECT SCHEDULE:

Project Inspection and Design
Construction

FY 2020-2021
Summer 2022

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN
SOCCER FIELDS S1, S2 AND B1 BASEBALL FIELD SYNTHETIC TURF INSTALLATION – SEA CLOUD PARK & SYNTHETIC TURF REPLACEMENT – CATAMARAN PARK (2016-2017)

Funding	Funding Sources		
	CIP City*	Park In-lieu	Total
2016-2017	525,000	2,950,000	3,475,000
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	-	-	-
2020-2021	-	-	-
Total	525,000	2,950,000	3,475,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	3,020,000	0%	-	3,020,000
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	3,020,000		-	3,020,000
Contingency 15%	453,000		-	453,000
Totals	3,473,000		-	3,473,000

PROJECT DESCRIPTION:

Soccer Fields S1, S2, and Baseball Field B1 Synthetic Turf Installation at Sea Cloud Park; and Catamaran Synthetic Turf Replacement –Total \$3,475,000

- Synthetic Surface S1, S2, B1, Park – Design – \$275,000**
Synthetic Surface for Baseball, and Soccer Fields for S1, S2, & B1 Field at Sea Cloud Park – Development – \$3,000,000

Soccer fields S1, S2, and Baseball field B1 are used heavily by Foster City youth sports groups. The installation of synthetic turf on the soccer areas and baseball infield and grass outfield and will minimize maintenance on the fields and eliminate mowing of grass turf areas. Also, the installation of synthetic turf will create a more consistent and level playing surface for baseball play and a durable surface for soccer play. The addition of the synthetic field to our park system will add value to the entire Foster City community while improving our aging park infrastructure.

PROJECT PRIORITY CATEGORY: C**POSSIBLE FUNDING SOURCES:**

- Capital Investment – City Fund*
- Park In-lieu

*(Includes Youth Sports Groups Contributions of \$500,000)

SYNTHETIC TURF OVERVIEW:

The new modern synthetic fields are very similar in appearance to a natural grass field and aesthetically pleasing. Synthetic fields are also considered equal or superior to natural grass fields with regards to safety for

players. The installation of synthetic surfaces with a modern drainage system at Sea Cloud Park Soccer fields S1, S2, and Baseball field B1 will improve playing conditions and “rain-outs,” for the most part, will be virtually eliminated.

Safety

Statistics and studies indicate that synthetic turf playing surfaces are equal or superior to grass playing surfaces typically found in schools and municipalities. The newly developed synthetic turf surfaces have excellent foot release characteristics.

Synthetic grass soccer/baseball fields are gaining popularity due to their outstanding playability in less than optimal weather and the true hops they provide for ground balls.

Improvements for player safety and prevention of UV degradation to the synthetic grass blades continue to be developed. Youth soccer players and baseball players, coaches, and parents agree that playing on the new state of the art synthetic grass surface is more enjoyable and much safer.

Additional Safety Enhancements Include:

- The entire playing field is evenly resilient.
- Soccer players report that playing on a synthetic field decreases player fatigue.
- Saturated field conditions are eliminated.
- There are no soft or uneven surface hazards around sprinkler heads.
- Grass clippings and mud are eliminated.

Efficiencies

With the installation of synthetic turf, Parks Maintenance resources that would be used for the upkeep of natural grass fields can be redeployed to other areas. These associated efficiencies will contribute to the high park maintenance standards enjoyed by the Foster City community.

Parks Maintenance Tasks Reduced or Eliminated:

- Weekly mowing
- Weekly line painting
- Irrigation repairs
- Adjustments to the irrigation controller
- Fertilizing
- Weed control
- Seeding and sodding
- Top dressing sand and organic compost
- De-thatching
- Aeration to reduce compaction

*It should be noted that the synthetic surface sports fields still require general maintenance tasks such as:

- Daily litter pick up on the synthetic surfaces
- Monthly brushing of surface blades
- Weekly surface inspections
- Maintenance upkeep of the perimeter landscaped areas at the parks
- Blowing of leaves and needles off of the synthetic surfaces

Water Conservation

Staff has realized substantial water savings each year with the installation of synthetic fields. Each soccer field uses approximately 5,990 water units per year. Each water unit equates to 748 gallons. Based on the acreage of the S1, S2, and B1 project, the projected annual water savings are 10,094 units / 7,550,000 gallons of water.

Additional Funding

Youth Sports Groups have been advocates of and supportive of the conversion to synthetic turf on Foster City athletic fields. They have made significant financial contributions toward synthetic turf projects, and have committed to a \$500,000 donation over a 10-year period upon approval of the S1, S2, B1 project.

Design

Design of synthetic turf fields continues to evolve. Architects with prior experience in synthetic field installations and design will be needed as an element of the design and construction process.

RESOURCE REQUIREMENTS:

All facilities will be maintained with existing Parks staff.

ESTIMATED PROJECT SCHEDULE:

Design	July 2016 – March 2017
Construction	April 2017 – October 2017

2. Catamaran Synthetic Turf Replacement - \$200,000

The synthetic turf at Catamaran soccer field is deteriorating and will be replaced under pro-rated warranty with substantial cost-savings of approximately \$225,000. This warranty work will include:

- New top of the line, state of the art Field Turf product
- Minor base repairs to existing base
- 12-Year Life-span
- 8-Year Warranty

ESTIMATED PROJECT SCHEDULE:

Construction	August 2016
Grand re-opening	October 2016

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

PARK INFRASTRUCTURE IMPROVEMENTS (2017-2018)

Funding	Funding Sources	
	CIP City	Total
2016-2017	-	-
2017-2018	1,155,000	1,155,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
Total	1,155,000	1,155,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	896,000	3%	26,900	922,900
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	896,000		26,900	922,900
Contingency 25%	224,000		6,700	230,700
Totals	1,120,000		33,600	1,153,600

PROJECT PRIORITY CATEGORY: C

POSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

PROJECT DESCRIPTION:

1. Tennis and Basketball Courts Resurfacing - \$252,000

Tennis and Basketball Court surfaces are typically resurfaced every five to seven years, based on an evaluation of the condition of each court, to ensure that they are safe to play on and aesthetically pleasing.

Based on community input and staff's engagement with the public, blended lines will be incorporated into the resurfacing project at the Shell / Recreation Center Tennis Courts. This will address the interest to enhance and expand court use through youth classes held on these courts as well as offer a facility for the growing Pickleball community which is popular both as a transitional tennis activity and social activity.

The total costs include all resurfacing and painting of lines, all of which were last resurfaced in FY 2011-2012. The following ten (10) Tennis Courts and six (6) Basketball Courts are anticipated to be in need of resurfacing in FY 2017-2018.

TENNIS COURTS:

- (4) Boothbay
- (4) Recreation Center (blended lines)
- (2) Edgewater

BASKET BALL COURTS:

Full Courts:

- (1) Shad
- (1) Sunfish
- (1) Turnstone
- (1) Boothbay

Half Courts:

- (1) Port Royal
- (1) Ketch

Funding for replacement of the actual play-structures is anticipated to be available in the City's Equipment Replacement Fund in FY 2017-2018. This includes replacement of Port Royal Park playground, which is already ADA compliant.

2. Dog Park Synthetic Turf Replacement - \$310,000

The synthetic turf inside the Dog Park is scheduled for replacement every seven to eight years. This project includes replacement of turf and improvement of drainage for efficient clean-out purposes. The last replacement of turf was done in 2009.

3. Playground Americans with Disabilities Act Upgrades - \$593,000

The following eight (8) play-areas that are due for replacement in FY 2017-2018 will need ADA upgrade in order to be compliant:

Erckenbrack (3), Gull (2), Marlin (2), Turnstone (1).

ADA accessibility requirements have changed since the last time these playgrounds were replaced. Staff recommends use of a consultant to design anticipated modifications to access-route for these playgrounds, as well as utilizing synthetic surfacing in some of the playground areas at these parks.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN**PARK INFRASTRUCTURE IMPROVEMENTS (2018-2019)****Funding Sources**

Funding	CIP City	Park In-lieu	Total
2016-2017	-	-	-
2017-2018	-	-	-
2018-2019	1,225,000	110,000	1,335,000
2019-2020	-	-	-
2020-2021	-	-	-
Total	1,225,000	110,000	1,335,000

Expenditure Categories

Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	1,008,000	6%	60,500	1,068,500
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	1,008,000		60,500	1,068,500
Contingency 25%	252,000		15,100	267,100
Totals	1,260,000		75,600	1,335,600

PROJECT PRIORITY CATEGORY: C**POSSIBLE FUNDING SOURCES:**

1. Capital Investment – City Fund
2. Park In-lieu

PROJECT DESCRIPTION:**1. Park Monument Signs – Phase II - \$265,000**

Large wooden park signs have been in place for about 20 years and were last refurbished in 2005.

Since 2014, eleven (11) large wooden park signs have been replaced with new concrete monument signs.

Currently, thirteen (13) more parks are in need of concrete park sign replacement. This will complete park sign replacement to concrete sign in all 24 parks.

Estimated costs for this work include concrete base work, support posts, and fabrication and installation of the signs.

Phase I included replacement of Park signs at:

1. Sea Cloud Park
2. Leo J. Ryan Park
3. Marlin Park
4. Gull Park
5. Catamaran Park
6. Port Royal Park
7. Erckenbrack Park
8. Boat Park
9. Shorebird
10. Bridgeview
11. Baywinds

Phase II includes replacement and adding of these signs:

1. Arcturus Park
2. Boothbay Park
3. Edgewater Park
4. Farragut Park
5. Gateshead Park
6. Ketch Park
7. Killdeer Park
8. Leo Park
9. Pompano Park
10. Recreation Center (3 signs total)
11. Shad Park
12. Sunfish Park
13. Turnstone Park

2. **Family Playground at Boothbay Park - \$1,070,000**

The 5 to 12 year old playground equipment for Boothbay Park is due for replacement in FY 2018-2019. Staff is recommending expanding and upgrading the existing playground area to incorporate an inclusive Family Play area.

The combined playground improvement areas will be approximately 40,000 square feet. A portion of that includes lawn areas between the parking lot and the tennis courts, which will result in associated water-savings.

The area along the parking lot will be bordered by fence on the playground facing side to comply with National guidelines.

This improvement is consistent with promoting health and wellness and responds to community interest for a park

facility that is multigenerational and inclusive for the whole family.

Funding will be available in the City Equipment Replacement Fund for play-equipment to replace equipment for 5 to 12 year olds and for 2 to 5 year olds.

Funding in the amount of \$110,000 will be available in Park-in-Lieu Fund for Outdoor Fitness Equipment.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN**PARK INFRASTRUCTURE IMPROVEMENTS (2019-2020)**

Funding	Funding Sources	
	CIP City	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	-	-
2019-2020	1,120,000	1,120,000
2020-2021	-	-
Total	1,120,000	1,120,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	820,000	9%	73,800	893,800
2020-2021	-	12%	-	-
Subtotal	820,000		73,800	893,800
Contingency 25%	205,000		18,500	223,500
Totals	1,025,000		92,300	1,117,300

PROJECT PRIORITY CATEGORY: C**POSSIBLE FUNDING SOURCES:**

1. Capital Investment – City Fund

PROJECT DESCRIPTION:**1. ADA Upgrades – Playgrounds - \$328,000**

The following six (6) play-areas are due for replacement in FY 2019-2020:

- (1) Farragut
- (1) Killdeer
- (2) Shad
- (1) Sunfish
- (1) Edgewater

ADA accessibility requirements have changed since the last time these playgrounds were replaced. Staff recommends use of a consultant to design anticipated required modifications such as access-routes to some of these play-areas for accessibility compliance as well as utilizing synthetic surfacing in select playgrounds.

Funding for replacement for the actual play-structures in these parks will be available in the City's Equipment Replacement Fund.

3. Synthetic Surfaces Replacements - \$792,000

The synthetic turf surfaces at the following locations were installed in FY 2004-2005 and will be in need of replacement in FY 2019-2020:

- Amphitheatre
- Recreation Center to the Boat House along the boardwalk
- Boat Park along the boardwalk

The project will consist of removal and disposal of old synthetic turf, and installation of new synthetic turf as appropriate for each area.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN**PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021)**

Funding	Funding Sources		
	CIP City	Park In-lieu	Total
2016-2017	-	-	-
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	-	-	-
2020-2021	975,000	100,000	1,075,000
Total	975,000	100,000	1,075,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	768,000	12%	92,200	860,200
Subtotal	768,000		92,200	860,200
Contingency 25%	192,000		23,100	215,100
Totals	960,000		115,300	1,075,300

PROJECT PRIORITY CATEGORY: C**POSSIBLE FUNDING SOURCES:**

1. Capital Investment – City Fund
2. Park In-Lieu

PROJECT DESCRIPTION:**1. Arcturus Park Renovation****Design \$112,000****Construction \$504,000**

The turf, shrubs, hardscape, and trees are over 25 years old and in poor and declining condition. Park benches, pathways, and other hardscape features are in need of replacement. A complete renovation to expand the capacity, amenities, and use of the park by the community would include:

- a. Demolition – Removal of old turf, soils, pathway, and designated trees
- b. Grading – Grading turf areas to level (12" or more)
- c. Drainage – Correcting drainage as needed
- d. Irrigation – Installing new irrigation system
- e. Top soil – Installing new top soil and amendments
- f. Pathway – Asphalt pathway installation
- g. Landscape – Installation of new trees, shrubs and sod
- h. Mulch – Adding mulch in shrub areas

Plans and specifications will be developed by consultant. The project construction will be managed in-house mainly by Parks Manager and Parks Lead-Worker. Part-time staff will be utilized during construction to back-fill parks maintenance work in other park areas while the Parks Lead-Worker oversees daily on-site project construction progress.

2. Pompano Park Renovation

Design \$ 90,000

Construction \$369,000

As part of the City's ongoing effort toward water conservation and sustainability in Foster City Parks, the lawn at Pompano Park has been identified as an area that could be converted to sustainable landscape material while also providing greater benefit to the neighborhood.

Suggested design includes:

- Neighborhood picnic area
- Horse-shoe pit
- Benches
- Path with Gold-Dust
- Bollard lighting
- Trees
- Drought tolerant planting with mulch

Scope of work includes:

- Design plans and specifications
- Demolition, drainage, and grading
- Irrigation upgrades
- Soil amendments
- Planting
- Mulching

Plans and specifications will be developed by consultant. The project construction will be managed in-house by Parks Manager and Parks Lead-Worker. Part-time staff will be utilized during construction to back-fill parks maintenance work in other park areas while Parks Lead-Worker oversees daily on-site project construction progress.

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN**PARK INFRASTRUCTURE IMPROVEMENTS (2020-2021) (Tennis Courts)**

Funding	Funding Sources	
	CIP City	Total
2016-2017	-	-
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	200,000	200,000
Total	200,000	200,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	-	0%	-	-
2017-2018	-	3%	-	-
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	140,000	12%	16,800	156,800
Subtotal	140,000		16,800	156,800
Contingency 25%	35,000		4,200	39,200
Totals	175,000		21,000	196,000

PROJECT PRIORITY CATEGORY: C**POSSIBLE FUNDING SOURCES:**

1. Capital Investment – City Fund

PROJECT DESCRIPTION:**Tennis Courts Resurfacing - \$200,000**

Tennis and Basketball Court surfaces are typically resurfaced every five to seven years, based on an evaluation of the condition of each court, to ensure that they are safe to play on and aesthetically pleasing.

The total costs include all resurfacing and painting of lines.

The following five (5) Tennis Courts and three (3) Basketball Courts are anticipated to be in need of resurfacing in FY 2020-2021. All of these courts were last resurfaced in FY 2014-2015.

TENNIS COURTS:

- (3) Edgewater
- (2) Catamaran

BASKETBALL COURTS:

Full Courts:

- (1) Catamaran
- (1) Teen Center
- (1) Edgewater

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT (2015-2016)

Funding	Funding Sources		Total
	*CIP City/Bond Financing	Bond Financing	
2016-2017	2,500,000		2,500,000
2017-2018		4,000,000	4,000,000
2018-2019			-
2019-2020			-
2020-2021			-
Total	2,500,000	4,000,000	6,500,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	2,000,000	0%	-	2,000,000
2017-2018	3,100,000	3%	93,000	3,193,000
2018-2019		6%	-	-
2019-2020		9%	-	-
2020-2021		12%	-	-
Subtotal	5,100,000		93,000	5,193,000
Contingency 25%	1,275,000		23,300	1,298,300
Totals	6,375,000		116,300	6,491,300

*Advances from the City CIP may be needed until financing option (i.e. Assessment Bonds, Special Tax Bonds or General Obligation Bonds) has been selected. Staff expects that the bond financing will occur during FY 2016-2017.

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project will raise the levee to meet the required elevation per Title 44 of the Code of Federal Regulations (CFR), section 65.10, to retain accreditation. Based on the

FEMA coastal flood hazard study, roughly 85 percent of Foster City's levee system does not meet the required freeboard elevation. Therefore, the levee will not retain accreditation status when the Flood Insurance Rate Map (FIRM) is updated in mid-2016. Currently, land within Foster City's limits is classified as Zone X, which means that mandatory flood insurance is not required. However, when the new map becomes effective in mid-2016, Foster City will be designated as a high-risk Special Flood Hazard area and property owners with federally-backed loans will be required to purchase annual flood insurance if no action is taken or if FEMA does not approve the City's request for an extension of time to raise the levels.

In December 2014, the City hired Schaaf & Wheeler to prepare a report to identify the City's flood risks and determine potential levee improvement alternatives that may be necessary with respect to restoring accreditation. The report concluded that the levee surrounding Foster City will have to be raised from between 2.5 to 5.5 feet depending on the location in the city in order to receive accreditation by FEMA. The report also outlined that the project's costs could be as high as \$75 million dollars.

Funding in the amount of \$1,577,465 has been approved for consulting services including preliminary engineering, regulatory permitting, environmental impact report (EIR) preparation, municipal financial advisory, bond counsel, assessment engineering and exploration of funding options. Once financing has been implemented, the \$1,577,465 will be repaid back to the City CIP Fund.

To date, FEMA has approved the levee seclusion mapping allowing Foster City to maintain a Zone X designation while the City prepares for construction of the project. Additionally, engineering analysis identifying different types of levee improvements, geotechnical investigation, topographical survey, regulatory permitting, preparation of the EIR, and public outreach efforts are underway. In the coming months, more public outreach efforts and analysis for funding options will be performed. It is anticipated that by Fall 2016, a final Technical Memorandum (TM) outlining the basis of design with recommended levee height, improvement types, and cost estimates will be presented to the City Council for consideration.

Additional funding requests will allow continuation of the engineering design work using the information presented in the TM and preparation of plans and specifications suitable for construction. Based on the outcome of the assessment engineering and direction provided by the City Council on the funding mechanism, an additional budget amendment will be required to fund construction.

ESTIMATED PROJECT SCHEDULE:

Design	FY 2016-2017
Construction	FY 2017-2020

CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)

Funding	Funding Sources			
	City CIP	CIP Water	CIP WW	Total
2016-2017	80,253	80,252	80,252	240,757
2017-2018	67,581	67,581	67,581	202,743
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	-	-	-	-
Total	147,834	147,833	147,833	443,500

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2016-2017	190,000	0%	-	190,000
2017-2018	160,000	3%	4,800	164,800
2018-2019	-	6%	-	-
2019-2020	-	9%	-	-
2020-2021	-	12%	-	-
Subtotal	350,000		4,800	354,800
Contingency 25%	87,500		1,200	88,700
Totals	437,500		6,000	443,500

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

The Corporation Yard, located at 100 Lincoln Centre Drive, consists of a number of buildings, including the Administrative Building, Vehicle Shop, Training Facility, wood and metal workshops, as well as Lift Station 59,

lagoon pump house, gasoline and diesel fueling stations and the City's water storage tanks and water booster station. The Corporation Yard houses the City's major equipment and serves as "home base" to the Public Works and Parks maintenance workers, who maintain the City's parks and the City's/District's essential infrastructure, such as streets, levee, wastewater system, water system, parks, buildings and vehicle fleet. These buildings are some of the oldest and most consistently used of the City's facilities, with some in continual use since the early 1970s.

The Building Maintenance Division has maintained the buildings in the Corporation Yard for over many years, but time and the elements have taken a toll on the basic structures over the last 40 years such that a number of fundamental repairs and upgrades are needed to bring the buildings in line with safety standards and up to current building and fire codes.

There is no funding previously earmarked for these upgrades and repairs except for funding set aside in the long-term (10-year) Capital Improvement Program (CIP) for replacement of the Corporation Yard Automated Sliding Gate. Staff would recommend that the \$26,810 that has been accumulated for the gate be used to offset the General Fund portion of this project and the funding for the gate be moved from the long-term CIP to the Building Maintenance Equipment Replacement Fund, since it is a component of the Corporation Yard that will likely require replacement on a shorter timeline than the buildings.

This project would consist of projects in five major areas:

Men’s Locker Room (ADA Compliant) \$63,400

Repair Walls, including the removal and replacement of sheetrock, as needed, due to dry rot damage. Repair or replace non-functioning lockers. Paint walls and lockers, remove and replace tile floors, and replace benches.

Men’s Shower Room \$126,700

Replace showers, floor and wall tile; repair dry rot and ensure structural integrity of subflooring and wall studs; inspect and replace plumbing as needed; install energy efficient windows; replace toilets with water-efficient models; and bring restroom facilities up to ADA compliance.

Kitchen/Lunch Room (ADA Compliant) \$50,700

Replace existing hot water heater and furnace with new hot water heater and furnace.

Corporation Yard Gates \$76,000

Refinish three (3) existing sets of gates and replace two (2) sets of gates, which have been corroded by salt and sea air with zinc and powder coated steel gates.

Roof Replacements \$126,700

Replace existing roofs of Training Room building and Public Works and Parks Workshop building with a Title 24 cool roof. Replace fascia boards on underside of overhangs, paint trim.

ESTIMATED PROJECT SCHEDULE:

Phase I (Locker/Shower, Kitchen)	FY 2016-2017
Phase II (Gates, Roof)	FY 2017-2018

ATTACHMENT 2

SUPPLEMENTAL REPORT REGARDING PARK-IN-LIEU FEE FUND FY 2016-2017

EXECUTIVE SUMMARY

Park-in-Lieu fees have been collected from developers of residential properties in accordance with the City's Ordinance and as provided in the respective development agreements of those properties. Park-in-lieu fees must be spent within five years of receipt or they are returned back to the developers. The fund is expected to have a fund balance of \$1,304,130 as of June 30, 2016.

In Fiscal Year 2016-17, the City expects to receive the estimated Park-in- Lieu fees:

- \$812,000 from Atria (Foster Square)
- \$760,000 from Phase 2 Condos (Foster Square)

In Fiscal Year 2017-18, the City expects to receive the estimated Park-in-Lieu fees:

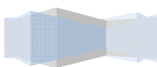
- \$740,000 from Phase 3 Condos (Foster Square)

The recommended use of these funds has been identified in the 5-Year CIP Plan presented to the City Council.

BACKGROUND

To assure adequate park and recreational resources and facilities for new City residents without causing a detrimental impact to existing City parks and recreational resources and facilities, City Ordinance 16.36.100 and the City's General Plan have established park-in-lieu fee requirements for all new residential developments to help pay for the acquisition, construction and major improvement of City parks. Since very little vacant land remains in the City that would be appropriate for single family developments, the majority of expected growth in housing units is estimated to be multiple family dwellings. Park-in-lieu fees are used to provide new community parks and recreational amenities that are not otherwise provided by the developer. In this manner, the City ensures that the City's parks are sufficient to handle the impacts from the new residents.

The timing of the payment of developer park-in-lieu fees does not always coincide with the timing of the construction of needed park improvements, therefore, the City has, from time to time, advance-funded eligible projects out of the Capital Improvement Project-City Fund and then reimbursed this Fund from the Park-in-Lieu Fees Fund once the park-in-lieu fees have been collected. This approach has been implemented successfully with several synthetic turf projects and other park projects over the past nine years.



ANALYSIS

The Parks and Recreation Department has completed 11 park projects in the past nine years totaling \$10,159,733 in Park-in-Lieu funding.

The Park-in-Lieu Fund has been used to address urgent needs related to resurfacing several athletic fields in the Park System. Community response to these projects has been positive, and the associated water savings has been significant (approximately ,480,500 gallons per field per year).

Synthetic Projects	Park-in-Lieu Used
Sea Cloud Park S3 and B3 and Catamaran Park	\$1,830,563
Sea Cloud Park S4 and B4	\$1,201,433
Port Royal Soccer Field and Walking Track	\$1,337,389
Edgewater Park	\$1,508,304
Leo Ryan Park Lawn Conversion and Bocce Expansion	\$775,000
TOTAL	\$6,652,689

The Park-in-Lieu Fund has also been utilized to enhance the Park System through the development of new parks and enhanced infrastructure.

Other Park Projects	Park-in-Lieu Used
Werder Park	\$1,247,555
Destination Park Design	\$1,361,197
East Third Avenue	\$615,094
Parks Infrastructure Improvements	\$160,000
Marquee	\$123,198
TOTAL	\$3,507,044

Based upon the revenues collected and the project expenditures appropriated in Fiscal Year 2015-16, the projected Park-in-Lieu Fund balance as of June 30, 2016 is expected to be \$1,304,130.

Park-in-Lieu fees anticipated to be received for the 5-Year CIP from FY 2016-17 to FY 2020-2021 total \$2,312,000. In addition, the Fund is projected to earned interest of \$24,700 during the 5-year period.

The Parks and Recreation Department has identified three additional Capital Improvement Projects in the 5-Year CIP for use of the Park-in-Lieu Fund.

Future Park Projects	Proposed Park-in-Lieu to be Used
Sea Cloud Park S1, S2, B1	\$2,950,000
Family Playground at Boothbay Park	\$110,000
Port Royal Park Levee Landscape Development	\$100,000
TOTAL	\$3,160,000

City of Foster City |FY '16-'17 Supplemental CIP Report - PIL Fee Summary

In the 5-Year CIP also being reviewed as part of the Agenda this evening, a total of \$3,160,000 has been identified in new park projects utilizing the Park-in-Lieu Fund over the next five years. If those projects are funded as recommended, the Park-in-Lieu Fund will still have an excess reserve of \$480,830 at the end of the five-year forecast that could be used for future eligible projects as they are identified.

Description	Amount
Park-in-Lieu Fund Balance as of June 30, 2016	\$1,304,130
Estimated Park-in-Lieu Fee Collection July 1, 2016 – June 30, 21	\$2,312,000
Estimated Interest Park-in-Lieu Fund	\$24,700
Subtotal Estimated Park-in-Lieu Available Funds Through 6/30/2021	\$3,640,830
Park-in-Lieu Funding Estimated for Projects Collection July 1, 2016 – June 30, 21	(\$3,160,000)
Excess Reserve Available for Future Projects	\$480,830

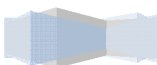
Parks 10-Year CIP

The value of the Foster City parks infrastructure is approximately \$93 million. Parks staff undertook a close evaluation this Fiscal Year of identifying the projected financial need to maintain and invest in this City infrastructure over the course of the next 10 years. Based on this analysis, the projected 10-Year Parks CIP totals approximately \$18,1million. In the next 10 years some of the significant projects include synthetic turf replacements and park refurbishments upon turning 50 years old. In addition, new projects to evolve the park system that respond to trends and community interests are also being evaluated, e.g. artwork in the Park System, Fitness Playground, and Family Playground.

Foster City is a community built around its parks and lagoons. Foster City has the fortune of having 24 parks (370 acres) and eight (8) miles of levee pathway. The park system provides a level of service and community amenity that enhances residents' quality of life.

Over the course of the next 10 years, as park projects are proposed through the budget process, City Council may set policy direction to adjust replacement schedules or modify infrastructure with economically or environmentally sustainable alternatives.

Attachments: Park-in-Lieu Fees Fund Cash Flow Analysis: FY 2007-08 through FY 2020-21
Foster City Parks Asset Values



Name	Acres	Amenities	\$700,000/ Acre Regular \$860,000/Acre Synthetic	Total	FY Year to Refurbish Park
Arcturus Park	0.75		\$525,000		
Bike Path		Play Structure	\$85,000		
		Picnic Area	\$0	\$610,000	2020
Pompano Park	0.56	Bike Path	\$392,000	\$392,000	2020
Killdeer Park	2.42	Play Structure	\$1,694,000		
		Picnic Area	\$95,000	\$1,789,000	2021
Shad Park	2.16		\$1,512,000		
		Basketball Courts	\$30,000		
		Play Structure	\$90,000		
		Picnic Area	\$0	\$1,632,000	2022
Turnstone Park	1.53		\$1,071,000		
		Basketball Courts	\$30,000		
		Play Structure	\$85,000		
		Picnic Area	\$0	\$1,186,000	2023
Sunfish Park	2.41		\$1,687,000		
		Basketball Courts	\$30,000		
		Play Structure	\$103,000		
Bike Path		Picnic Area	\$0	\$1,820,000	2024
Gull Park	3.14		\$2,198,000		
		Play Structure	\$100,000		
Beach		Picnic Area	\$0		
		Restrooms	\$200,000	\$2,498,000	2025
Marlin Park	3.13		\$2,191,000		
		Play Structure	\$100,000		
Beach		Picnic Area	\$0		
		Restrooms	\$200,000	\$2,491,000	2026
Boothbay Park	11.21		\$7,847,000		
Ballfield		Basketball Courts	\$30,000		
		Barbecue	\$0		
		Bike Path	\$0		
		Play Structure	\$1,010,000		
		Picnic Area	\$0		
		Restrooms	\$200,000		
		Soccer Fields	\$0		
		Tennis Courts	\$120,000		
		Volleyball Courts	\$0	\$9,207,000	2030
Erckenbrack Park	3.48		\$2,436,000		
		Play Structure	\$100,000		
Beach		Picnic Area	\$0		
		Restrooms	\$0	\$2,536,000	2030
Gateshead Park	0.12		\$84,000		
Bike Path		Picnic Area	\$0	\$84,000	2030
Edgewater Park	8.53		\$7,335,800		
Note: \$860K/Acre		Basketball Courts	\$30,000		
(Sports-lighting)		Barbecue	\$0		
		Play Structure	\$80,000		
Ballfield		Picnic Area	\$0		
		Restrooms	\$200,000		
		Tennis Courts	\$150,000	\$7,795,800	2032
Sea Cloud Park	23.9		\$20,554,000		
Note: \$860K/Acre		Ballfield (8)	\$0		
		Scoreboards (6)	\$90,000		
		Bike Path	\$0		
		Play Structure	\$120,000		
		Picnic Area	\$0		
		Restrooms	\$300,000		
		Soccer Fields (8)	\$0	\$21,064,000	2035
Farragut Park	3.86		\$2,702,000		
Play Structure		Picnic Area	\$110,000		
		Restrooms	\$0	\$2,812,000	2045
Ketch Park	1.6		\$1,120,000		
		Basketball Courts	\$30,000		
		Play Structure	\$85,000		

Restrooms		Picnic Area	\$0	\$1,235,000	2049
Boat Park 3.18			\$2,226,000		
Boat Launch		Picnic Area	\$0		
		Restrooms	\$0		
		Dog Playground	\$200,000	\$2,426,000	2050
Leo. J. Ryan Park 20.73			\$14,511,000		
		Bike Path	\$30,000		
Basketball Courts		Boat Launch	\$0		
		Community Building	\$0		
		Bocce Courts	\$500,000		
		Picnic Area	\$0		
		Restrooms	\$300,000		
		Tennis Courts	\$120,000	\$15,461,000	2055
Catamaran Park 5.88			\$5,056,800		
Note: \$860K/Acre		Beach	\$0		
		Play Structure	\$150,000		
Basketball Courts		Picnic Area	\$0		
		Restrooms	\$200,000		
		Soccer Fields	\$0		
		Tennis Courts	\$60,000		
		Volleyball Courts	\$0	\$5,466,800	2059
Leo Park 0.15			\$105,000	\$105,000	2060
Port Royal Park 3.98			\$3,422,800		
Note: \$860K/Acre		Basketball Courts	\$30,000		
		Bike Path	\$0		
		Play Structure	\$125,000		
		Picnic Area	\$0		
		Restrooms	\$0		
		Soccer Fields	\$0	\$3,577,800	2062
Baywinds Park 1.5			\$1,050,000		
Bike Path		Restrooms	\$0	\$1,050,000	2065
Bridgeview Park 1.42			\$994,000		
		Bike Path	\$0		
		Picnic Area	\$0		
		Restrooms	\$0	\$994,000	2065
Shorebird Park 3.85			\$2,695,000		
		Picnic Area	\$0		
		Restrooms	\$0	\$2,695,000	2065
		TOTAL ASSETS	\$88,927,400	\$ 88,927,400	
Park Pathway Lighting 370			\$3,700,000	\$3,700,000	
Parks Total Assets:			\$92,627,400	\$ 92,627,400	

*\$700,000 acre includes: Softscape/ Hardscape, Restrooms, Pathways)

\$16.07/sq.ft. Average

Synthetic Turf, Softscape, Hardscape

\$860,000 / Acre includes:

\$19.75/ sq.ft. Average

Park-in-Lieu Fees Fund Cash Flow Analysis: FY 2007-08 through FY 2020-21															
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Totals 16-17 to 20-21
Beginning Fund Balance	0	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	1,304,130	(67,370)	672,630	569,330	575,030	1,304,130
Park-in-lieu fees received from developments															
Pilgrim/Triton Phase 1-The Plaza				4,000,000											-
Pilgrim/Triton Phase 2-Triton Pointe							3,289,634								-
Pilgrim/Triton Phase 3-Waverly								3,288,613							-
MidPen (15-Acre Site)									429,000						-
Atria (15-Acre Site)										812,000					812,000
Condo Phase 1 (15-Acre-Site)									500,000						-
Condo Phase 2 (15-Acre-Site)										760,000					760,000
Condo Phase 3 (15-Acre-Site)											740,000				740,000
															2,312,000
Investment earnings				7,000	21,274		6,289	13,384	15,000	6,500		6,700	5,700	5,800	24,700
Total Revenues	0	0	0	4,007,000	21,274	-	3,295,923	3,301,997	944,000	1,578,500	740,000	6,700	5,700	5,800	2,336,700
Expenditures for Capital Improvement Projects															
CIP#602-Sea Cloud & Catamaran Park Synthetic Turf Improvement	(1,830,563)														
CIP#615-Sea Cloud Park Synthetic Turf Soccer and Baseball Fields					(1,105,231)	(96,202)									-
CIP#616-Port Royal Park Synthetic Turf Soccer Field and Walking Track				(4,975)	(1,087,505)	(244,909)									-
CIP#632 Edgewater Park Synthetic Surface						(22,245)	(1,335,350)	(150,709)							-
CIP#633 Werder Park Site Development						(17,965)	(89,607)	(1,247,555)	1,240						-
CIP#634 Destination Park Development						(18,925)	(85,372)	(1,256,900)	0						-
CIP#640 East Third Avenue Site Improvements								(615,094)							-
CIP#649 Pedway Connector-Foster City to Belmont (to be completed in 15-16)								0							-
CIP#650 Park Infrastructure Improvements								(130,511)	(29,489)						-
CIP#649 Pedway Connector-Foster City to Belmont (continued from 14-15)									0						-
CIP#655 Leo Ryan Park Lawn Conversion and Bocce Court Expansion ¹									(775,000)						-
Proposed Projects															-
(New Project) Marquee									(123,198)						-
(New CIP) Sea Cloud Park Synthetic Turf Installation ²										(2,950,000)					(2,950,000)
(New CIP) Boothbay Park Outdoor Fitness Equipment												(110,000)			(110,000)
(New CIP) Port Royal Park Levee Landscape Development														(100,000)	(100,000)
Total Expenditures	(1,830,563)	0	0	(4,975)	(2,192,736)	(400,245)	(1,510,329)	(3,400,769)	(926,447)	(2,950,000)	0	(110,000)	-	(100,000)	(3,160,000)
Ending Fund Balance	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	1,304,130	(67,370)	672,630	569,330	575,030	480,830	480,830
¹ Total estimated cost is \$900,000 (including \$750,000 from park in lieu fees and \$150,000 from application of grant)															
² Total estimated cost is \$3,450,000 (including \$500,000 advanced by City CIP to be repaid over a 10 year period from sports group contributions). An additional advance of \$67,370 may also be needed from City CIP in FY 2016-17 in anticipation of Park in Lieu Funds to be collected in FY 2017-18.															

Park-In-Lieu Fees Fund Cash Flow Analysis: FY 2007-08 through FY 2020-21															
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Totals 16-17 to 20-21
Beginning Fund Balance	0	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	1,304,130	(67,370)	562,630	468,230	472,930	1,304,130
Park-in-lieu fees received from developments															
Pilgrim/Triton Phase 1-The Plaza				4,000,000											
Pilgrim/Triton Phase 2-Triton Pointe							3,289,634								
Pilgrim/Triton Phase 3-Waverly								3,288,613							-
MidPen (15-Acre Site)									429,000						-
Atria (15-Acre Site)										812,000					812,000
Condo Phase 1 (15-Acre-Site)									500,000						-
Condo Phase 2 (15-Acre-Site)										760,000					760,000
Condo Phase 3 (15-Acre-Site)											740,000				740,000
															2,312,000
Investment earnings				7,000	21,274		6,289	13,384	15,000	6,500		5,600	4,700	4,700	21,500
Total Revenues	0	0	0	4,007,000	21,274	-	3,295,923	3,301,997	944,000	1,578,500	740,000	5,600	4,700	4,700	2,333,500
Expenditures for Capital Improvement Projects															
CIP#602-Sea Cloud & Catamaran Park Synthetic Turf Improvement	(1,830,563)														
CIP#615-Sea Cloud Park Synthetic Turf Soccer and Baseball Fields					(1,105,231)	(96,202)									
CIP#616-Port Royal Park Synthetic Turf Soccer Field and Walking Track				(4,975)	(1,087,505)	(244,909)									
CIP#632 Edgewater Park Synthetic Surface						(22,245)	(1,335,350)	(150,709)							
CIP#633 Werder Park Site Development						(17,965)	(89,607)	(1,247,555)	1,240						0
CIP#634 Destination Park Development						(18,925)	(85,372)	(1,256,900)	0						
CIP#640 East Third Avenue Site Improvements								(615,094)							
CIP#649 Pedway Connector-Foster City to Belmont (to be completed in 15-16)								0							
CIP#650 Park Infrastructure Improvements								(130,511)	(29,489)						0
CIP#649 Pedway Connector-Foster City to Belmont (continued from 14-15)									0						0
CIP#655 Leo Ryan Park Lawn Conversion and Bocce Court Expansion ¹									(775,000)						0
Proposed Projects															0
(New Project) Marquee									(123,198)						0
(New CIP) Sea Cloud Park Synthetic Turf Installation ²										(2,950,000)					(2,950,000)
(New CIP) Boothbay Park Outdoor Fitness Equipment											(110,000)				(110,000)
(New CIP) Port Royal Park Levee Landscape Development												(100,000)			(100,000)
Total Expenditures	(1,830,563)	0	0	(4,975)	(2,192,736)	(400,245)	(1,510,329)	(3,400,769)	(926,447)	(2,950,000)	(110,000)	(100,000)	-	-	(3,160,000)
Ending Fund Balance	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	1,304,130	(67,370)	562,630	468,230	472,930	477,630	477,630
¹ Total estimated cost is \$900,000 (including \$750,000 from park in lieu fees and \$150,000 from application of grant)															
² Total estimated cost is \$3,450,000 (including \$500,000 advanced by City CIP to be repaid over a 10 year period from sports group contributions). An additional advance of \$67,370 may also be needed from City CIP in FY 2016-17 in anticipation of Park in Lieu Funds to be collected in FY 2017-18.															



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City/District Manager

FROM: Edmund Suen, Finance Director
Jeff Moneda, Public Works Director/City Engineer
Jennifer L. Liu, Parks and Recreation Director

SUBJECT: Long-Term Capital Improvement Project Funding – City Capital Investment Fund – FY 2016-2017 to FY 2025-2026

RECOMMENDATION

Staff recommends that the City Council review the updated analysis and by minute order, provide policy direction regarding the Long-Term Capital Improvement Project (CIP) Funding program for the City's Capital Investment Fund. The funding requirement necessary to maintain the minimum \$2 million reserve throughout the 10-year forecast is increased by \$645,000 from \$1,303,000 to \$1,948,000 as a result of increases in various projects during the next 10-year horizon.

EXECUTIVE SUMMARY

In 2010, the City Council approved a funding strategy for its CIPs in the form of a Long-Term CIP Funding program. This program analyzes potential future CIP projects over a 10-year capital expenditure forecast and funds those needs on an annual basis at 1/10th of the unfunded capital expenditures obligation. This was approved recognizing that the City does not anticipate the magnitude of previous one-time revenues or redevelopment agency funds to be available in the future, and in recognition of its "pay-as-you-go" approach to funding capital projects. The City prefers to not use debt financing for its capital projects unless it is necessary (e.g. Levee Protection Planning and Improvement Project).

Staff reviewed the long-term CIP analysis and made some modifications in regards to the funding amounts and timing of future projects. Projects have been analyzed in two categories separately based on their separate funding sources.

- City Capital Investment Fund (City CIP Fund) – includes projects such as bridges, lagoon structures, levees, parks and buildings, which are funded from General Fund sources. Parks related projects that would represent new infrastructure and eligible for funding from Park In-Lieu Funds have also been included in this analysis with the revenue projections incorporated as analyzed under a separate staff report for this meeting.

- Streets-Related Funding – includes streets projects and funding sources from Measure A, Gas Tax §2103, and Measure M funds.

The analysis for City CIP Fund Projects and Streets-Related Projects take into consideration the existing fund balance resources projected to be available as of June 30, 2016 based on the latest estimates of CIP activity through the end of the current fiscal year and projected revenues available from applicable revenue sources. The analysis for the City CIP Fund ensures that the reserve balances stay above the minimum \$2 million emergency reserve level, where the Streets-Related Funding analysis has no minimum reserve level policy established as City CIP Funds can be drawn for those purposes in an emergency.

Based on the foregoing methodology, the annual funding needed for the City's capital projects from the City's General Fund is \$1,440,000 per year, which is an increase of \$137,000 from the prior year's analysis due primarily to an increase in projects in the 10-year horizon, including the replacement/refurbishment of park assets (see Attachment E – 10-year Parks CIP) as more fully discussed under a separate Park-In-Lieu Fund staff report for this evening. The Streets-Related Funding analysis indicates that there is a deficiency of revenues available from existing special revenue sources that will necessitate additional annual funding of \$508,000 from the City's General Fund. This is primarily due to increased costs associated with performing annual streets paving necessary to maintain the City's PCI (Pavement Condition Index) rating of 84 and projected traffic signal replacements needed in FY 2025/2026. A comprehensive comparison of last year and this year's 10-year CIP detailing the components of the overall increase is provided in Attachment D – City 10-Year Budget Comparison. **Should the City Council determine to continue its policy of funding the Long-Term CIP Funding program, staff would recommend that a transfer of \$1,948,000 (\$1,440,000 plus \$508,000) from the General Fund to the City CIP Fund be incorporated into the FY 2016-2017 annual budget and Five-Year Financial Plan.**

BACKGROUND

The City Council has made it a priority to ensure that the City's infrastructure is well-maintained on an ongoing basis. Such proactive maintenance and repair of infrastructure ensures that key systems are operating at peak levels, promotes safety in terms of necessary infrastructure, provides for a continuity of services to the community, maintains property values, and eventually leads not only to a pleased citizenry but also to maintaining the quality of life they have come to expect.

In prior years, our capital improvement efforts have primarily focused on construction of new infrastructure. Now that the City is at build-out, and with the exception of new parks-related projects funded through Park-In-Lieu Funds, we have transitioned from new construction to proactive preventative infrastructure maintenance. This affects how we characterize and fund future CIP programs and minimize the potential for emergency repair situations.

Maintenance vs. CIP

Managing the City's infrastructure manifests itself in the following ways:

- Proactive Maintenance Activities – The preventative maintenance efforts of the City's Public Works and Parks Maintenance crews on an ongoing basis assist in reducing the overall future costs of City infrastructure. These ongoing operating costs help reduce the magnitude and expense of future infrastructure replacement projects.
- New Infrastructure or Significant Infrastructure Replacement Projects – In some cases, there may exist CIP projects anticipated that will create new infrastructure or projects that are considered so significant in nature that the entire infrastructure is replaced or built anew. Recent examples of this include the Leo Ryan Park renovation project, the new Teen Center, and synthetic turf field installation at existing City parks.
- Recurring Capital Improvement Projects – Some CIPs are considered "recurring" and amount to significant repair work, such as street overlays, park turf replacement, and levee maintenance. The underlying infrastructure is still usable, but these larger maintenance efforts help extend the useful lives of that infrastructure.

The first category, Proactive Maintenance Activities, is covered through annual operating budgets in the General Fund under the Public Works and Parks and Recreation departmental budgets. In FY 2012-2013, the City Council approved a new Capital Asset Acquisition and Replacement Fund, funded from the sale of property such as the 11-acre site of the North Peninsula Jewish Campus and the 15-acre site of the Foster Square project, to fund new infrastructure or significant replacements, thus funding the second category. Projects in the final category, Recurring Capital Improvement Projects, are funded from either recurring revenue sources (e.g., Measure A, Gas Tax, Measure M), or are otherwise funded from the City's General Fund resources.

Exclusion of Enterprise Fund Assets

This report excludes the long-term CIP funding of Water and Wastewater system related projects for two primary reasons: 1) such projects are analyzed as part of the 10-year rate model process for each fund; and, 2) the District Board has the opportunity to include such replacements in establishing water and wastewater rates. A separate report addresses the Water and Wastewater CIPs and capital funding.

ANALYSIS

Approach

Staff has updated its Long-Term CIP Funding analysis in light of current maintenance efforts, assessment of replacement requirements, and replacement costs in the following six (6) categories:

- Streets – including Pavement Management efforts (e.g., arterial and collector street overlays), sidewalks / curbs / gutters, street lights and traffic signals
- Bridges – including bridges and approaches owned by the City, and only bridge approaches for those overcrossings not owned by the City (i.e., E. Hillsdale Blvd / Marina Lagoon overcrossing, Foster City Blvd / 92 Overpass, Vintage Park / 92 Overpass)
- Lagoon Structures – including bulkheads, dredging, boat ramps, culverts, inlets, and storm water pumps

- Levee – including the levee infrastructure
- Parks – Park infrastructure including hardscapes, landscaping, restrooms, lighting, irrigation systems, and permanent park structures such as tennis and basketball courts. It also includes the 28 cul-de-sacs maintained throughout the City
- Buildings – including the Government Center campus, Recreation Center campus, and the Corporation Yard. (Buildings associated with parks were included in Parks above)

Assumptions

Funding Sources

In each category, initial assumptions were made as to the funding sources of various assets. Funding of asset components that are funded through other sources (e.g., Equipment Replacement Funds, developer fees) were excluded from the analysis. If an asset replacement value was considered so significant that the only effective financing option was to use debt financing (e.g., replacement of City Hall, complete rebuild or raising of the levee), those assets were also excluded. Assets excluded in each category (including the assumed alternate funding source in parentheses) were as follows:

- Streets – LED signal faces and signal controllers, pedestrian LED and appurtenances, backlit street signs (ERF), and traffic improvements as part of the Multi-Project Traffic Improvements Project that are fully funded by developers of the respective projects
- Bridges – None
- Lagoon – Lagoon itself, shorelines, rip-rap, and retaining walls (debt financing); pump stations, gates, trash racks and flappers (ERF)
- Levee – Complete rebuild or raising of Levee infrastructure to address sea level rise (debt financing)
- Parks – Complete park rebuilds “from the ground up” (debt financing)
- Buildings – HVAC, carpet, paint, roofs (Bldg Maintenance Fund)

Expenditure Assumptions

The key expenditure assumptions were:

- Recurring Projects – projects considered recurring in nature (as discussed previously) are based upon replacement values which were reviewed and updated from the prior year’s analysis, where necessary. All values were expressed in terms of today’s replacement value, and then rolled forward using an inflationary index (below) based on the estimated useful life of the asset.
- Inflation – A 2.5% to 3% long-term inflation factor was used based upon the following factors: a 30 year historical analysis of CPI indices for the Bay Area and Construction Cost Indices for the San Francisco area; the spread between Treasury-Inflation-Protected Securities and Treasury notes for 10, 15 and 20-year bonds which are indicative of the investment market’s expectations for long-term inflation; economic projections from Beacon Economics; economist projections from sources such as Bloomberg/Business Week, Barron’s, Fortune, and the Wall Street Journal; and, experience in bidding projects of similar type.

Revenue Assumptions

Key revenue assumptions that affect funding sources are as follows:

City Capital Investment Funding (Attachment A)

- Park-In-Lieu Fees – the Park-In-Lieu fees anticipated from the Foster Square (15-acre site) are included in the years in which they are expected to be received, including any interest income generated from those funds.
- Donations from Youth Sports Groups – Total estimated cost for synthetic turf installation at Sea Cloud Park is \$3,475,000. (including \$500,000 advanced by City CIP to be repaid over a 10 year period from sports group contributions). An additional advance of \$67,370 may also be needed from City CIP in FY 2016-17 in anticipation of Park-in-Lieu Funds to be collected in FY 2017-18.
- Interest Income – Interest earnings on excess reserves were maintained at marginally low levels based on the current 1% long-term investment return rate.
- Grants – to be conservative, it was assumed that grant funding would NOT be available in the next 10 years. Until which time grant funds are identified for various projects and are reasonably expected to be available, grant funds are excluded from this analysis.

Streets-Related Funding

- Measure A – This is a sales tax based allocation. A conservative assumption of \$654,300 in revenue per year based on current revenue collections with 2% growth long-term.
- Gas Tax Section 2103 Funding – revised estimates based upon the Gas Tax Swap legislation approved by the State in 2010, which swapped Prop 42 funding into the Gas Tax funding stream. Gas Tax (Sections 2105-2107) revenues are used to fund Public Works Streets maintenance operations, but the Section 2103 funds must be used for roadway improvements and other transportation initiatives. Revenues are estimated to be \$76,400 based upon current revenue collections, forecasts from the State, and are conservatively assumed to also grow by 2% each year thereafter.
- Measure M – This measure passed by voters in San Mateo County in November 2010 implemented a \$10 fee added to vehicle license registrations of County residents for the next 25 years starting April 2011. Foster City is expected to collect \$106,000 in FY 2016-2017 and in an additional 2% annually thereafter. Funds are administered by C/CAG and are provided on a reimbursement-basis. These funds may be used for such things as pavement resurfacing, pothole repair, signs and striping, traffic signals, street sweeping, storm-inlet cleaning and local shuttles.
- Interest Income – Interest earnings on excess reserves were maintained at marginally low levels based on a 1% long-term investment return rate (same as current yield).
- Grants – to be conservative, it was assumed that grant funding would NOT be available in the next 10 years. Until which time grant funds are identified for various projects and are reasonably expected to be available, grant funds are excluded from this analysis.

10-Year Cash Flow Methodology

Foster City uses a funding methodology that looks at the total replacement value of assets which are scheduled to be replaced in the next 10-year window, and then averages the replacement amount over the 10-year window. The Public Works and Parks and Recreation Departments review the lists in detail and determine that each component is properly forecast in terms of replacement value, timing, and the completeness of the lists. The forecast also takes into consideration the proposed CIP projects in the 5-Year CIP Plan also being discussed at tonight's Budget Study Session.

The funding amounts are then compared to the available fund balance reserves and anticipated future revenues. For the City CIP Fund, a minimum emergency reserve requirement for capital improvement projects is \$2 million. There is no such reserve requirement for Streets-Related Funding. The analysis also takes into consideration the projected fund balance in the Park-In-Lieu Fund to ensure that those funds are only spent on projects related to new parks or projects that increase capacity of park amenities. To the extent that there are not sufficient resources available from reserves and projected future revenues to maintain minimum reserves in the respected funding analysis, then a transfer is identified from the City's General Fund to ensure that the minimum fund balance reserve is met in each year.

City Capital Investment Funding

In the attached analysis, **the funding requirement necessary to maintain the minimum \$2 million reserve throughout the 10-year forecast is \$1,440,000.** This funding would be provided via an annual transfer from the City's General Fund.

Streets-Related Funding

In the attached analysis, there is a deficiency in revenues and existing reserves to fund future Streets projects. Accordingly, **an annual transfer of \$508,000 from the City's General Fund is needed for Streets-Related projects over the 10-year horizon.**

Key Changes from Prior Year's Analysis

Key changes in this year's analysis from the prior year's analysis include:

- Consideration of Capital Investment Fund Reserves –the methodology takes into consideration available Capital Investment Fund Reserves as a means of offsetting the amounts required to be funded each year based on a cash flow analysis and to maintain the minimum \$2 million reserve. City CIP Fund is anticipated to have an available reserve at July 1, 2016 of \$2,329,956, which was approximately \$621,000 lower than originally anticipated due primarily to supplemental appropriations needed for the Levee Protection Planning and Improvements Project (CIP 657) for the an environmental impact study, municipal financial advisory services, and bond counsel services totaling \$577,465 and for the Catamaran Park Play Area and Beach Renovation Project (CIP 650) for \$53,354 timing of project expenditures and final reconciliation, and close-out of projects from prior years up through June 30, 2016.
- Inclusion of Park-In-Lieu Fund Activities – in order to provide a complete picture of all parks improvement projects, revenues and CIP projects related to Park-In-Lieu funds have been included in the analysis. However, the fund balances projected for Park-

In-Lieu Funds based upon the separate analysis provided at this Budget Study Session have been taken into consideration in the computation of excess fund balance to ensure that those funds are only spent for such purposes.

No other significant changes were made to the methodology.

Summaries of the detailed calculations performed are attached as Attachments A, B and C to this report. The detailed calculations of each asset are available for inspection in the City Council's office at City Hall.

Staff seeks City Council direction in this Budget Study Session for implementing the long-term funding strategy for the City's capital projects.

Attachments:

- Attachment A – City Capital Investment Funding Strategy – 10-Year Fund Balance Analysis
- Attachment B – Streets-Related Funding Strategy – 10-Year Fund Balance Analysis
- Attachment C – 10-Year Capital Project Cost Projections – All Projects
- Attachment D – 10-Year CIP Comparison
- Attachment E – 10-Year Parks CIP
- Attachment F – 10-Year Parks CIP Comparison with Prior Year

City Capital Investment Funding

Funding Strategy
10-Year Fund Balance Analysis

	Fund Balance Analysis - 10-Year Forecast										Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Cash Flow
Beginning Fund Balance (1)	3,634,086	4,724,799	5,767,218	5,831,818	6,254,618	6,272,718	4,677,964	3,497,464	2,034,110	2,342,110	3,634,086
Less: Capital Improvement Expenditures from 10-Year Forecast	(6,681,427)	(1,222,581)	(1,475,000)	(1,120,000)	(1,525,000)	(2,640,224)	(2,690,400)	(2,958,754)	(1,190,400)	(1,524,000)	(23,027,786)
Add: Funding Available from Other Non-General Fund Sources											-
Park in Lieu Fees (2)	1,578,500	740,000	6,700	5,700	5,800	(480,830)	-	-	-	-	1,855,870
Donation Reimbursements from Youth Sports Groups (3)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Developer Deposits (4)	626,175	-	-	-	-	-	-	-	-	-	626,175
Repayment of City CIP Funds advanced for Levee Project (5)	4,077,465	-	-	-	-	-	-	-	-	-	4,077,465
Interest Income (6)	-	35,000	42,900	47,100	47,300	36,300	19,900	5,400	8,400	8,200	250,500
Add: Annual Long-Term CIP Funding from City General Fund (A)	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	37,430,000
Increase (Decrease) to Annual Long-Term CIP Funding from City General Fund due to Excess / Deficiency of Reserves (B)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(2,303,000)	(23,030,000)
Ending Fund Balance	4,724,799	5,767,218	5,831,818	6,254,618	6,272,718	4,677,964	3,497,464	2,034,110	2,342,110	2,316,310	2,316,310
Less Projected Park-In-Lieu Fund Balance (7)	(67,370)	672,360	569,330	575,030	480,830	-	-	-	-	-	-
Less Minimum Fund Balance Requirement (8)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Fund Balance Over Minimum Requirement	2,792,169	3,094,858	3,262,488	3,679,588	3,791,888	2,677,964	1,497,464	34,110	342,110	316,310	316,310

4.2.2

Net Annual Long-Term CIP Funding from City General Fund (A)

- (B)	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
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■ This analysis projects fund balance levels over the 10-year period to determine:

- (A) - That there are sufficient funds to meet cash flow requirements in future years
(B) - The extent to which excess cash is being reserved

FOOTNOTES:

(1) - Beginning Fund Balance is comprised of the following based on current financial review:

Park-in-Lieu Fees	1,304,130
City CIP	2,329,956
Total	3,634,086

(2) - Park-In-Lieu Fees generated from various development projects per the analysis provided at the March 28, 2015 Study Session

(3) - Donations from Youth Sports Groups through the Foster City Foundation are anticipated to reimburse the City CIP Fund for funding of the Sea Cloud Synthetic Turf Fields commencing FY 2016-2017 for 10 years

(4) - Traffic Improvement for Biomed project paid by developer

(5) - Repayment of City CIP funds advanced for Levee Project through 6/30/16. Additional City CIP advances may be necessary in FY 2016-2017, but financing is also expected to occur later that year (once the financing option has been selected i.e. Assessment bonds, Special Tax bonds, or GO bonds). Proceeds of financing will be used to repay the City and to pay for future project costs.

(6) - Interest Income generated from available reserves, assuming a yield of 1%

(7) - As Park-In-Lieu Funds are restricted to only parks projects which add new parks facilities or capacity to existing parks facilities, the projected ending PIL Fund Balance per the analysis provided at the March 28, 2016 Budget Study Session is deducted from the ending fund balance in each year to determine the excess or deficiency of fund balances.

(8) - Per City Council Policy, the minimum fund balance in the City CIP fund is \$2 million.

Streets-Related Funding

Funding Strategy
10-Year Fund Balance Analysis

	Fund Balance Analysis - 10-Year Forecast										Total Cash Flow
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Beginning Fund Balance (1)	3,101,344	2,408,844	2,402,244	2,412,144	2,438,944	2,483,244	2,659,145	3,094,545	3,048,103	3,524,203	3,101,344
Less: Capital Improvement Expenditures from 10-Year Forecast	(2,020,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,237,599)	(1,000,000)	(1,499,442)	(1,000,000)	(4,996,550)	(17,153,591)
Add: Funding Available from Other Non-General Fund Sources											-
Measure A Revenues (2)	626,300	638,800	651,600	664,600	677,900	691,500	705,300	719,400	733,800	748,500	6,857,700
Gas Tax 2103 Revenues (3)	76,400	77,900	79,500	81,100	82,700	84,400	86,100	87,800	89,600	91,400	836,900
Measure M Revenues (4)	106,000	108,100	110,300	112,500	114,800	117,100	119,400	121,800	124,200	126,700	1,160,900
Interest Income (5)	10,800	10,600	10,500	10,600	10,900	12,500	16,600	16,000	20,500	-	119,000
Add: Annual Long-Term CIP Funding from City General Fund (A)	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	2,223,000	22,230,000
Increase (Decrease) to Annual Long-Term CIP Funding from City General Fund due to Excess / Deficiency of Reserves (B)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(1,715,000)	(17,150,000)
Ending Fund Balance	2,408,844	2,402,244	2,412,144	2,438,944	2,483,244	2,659,145	3,094,545	3,048,103	3,524,203	2,253	2,253
Less Minimum Fund Balance Requirement	-	-	-	-	-	-	-	-	-	-	-
Excess Fund Balance Over Minimum Requirement	2,408,844	2,402,244	2,412,144	2,438,944	2,483,244	2,659,145	3,094,545	3,048,103	3,524,203	2,253	2,253
Net Annual Long-Term CIP Funding from City General Fund - (B)	508,000	508,000	508,000	508,000	508,000	508,000	508,000	508,000	508,000	508,000	

The analysis projects fund balance levels over the 10-year period to determine:

- (A) - That there are sufficient funds to meet cash flow requirements in future years
(B) - The extent to which excess cash is being reserved

FOOTNOTES:

(1) - Beginning Fund Balance is comprised of the following based on the Mid-Year Financial Review:

Measure A	1,887,801
Gas Tax 2103	1,213,543
Measure M	-
Total	3,101,344

(2) - Measure A revenues are currently (FY 2015/2016) \$642,000, assumption is that revenues will increase by a 2% growth factor.

(3) - Gas Tax Section 2103 funds are related to the Gas Tax Swap approved by the State in 2010 which replace the Prop 42 monies dedicated to roadway improvements and other transportation projects. Based on latest State estimates, projection \$76,400 in FY 16/17 with 2% annual growth anticipated.

(4) - Measure M revenues were the result of a transportation revenue measure passed by the voters of San Mateo County in November 2010. The measure will yield approximately \$106,000 to Foster City in FY 16/17 which can be used to support transportation related initiatives. A 2% annual growth factors is assumed for this revenue stream.

(5) - Interest Income generated from available reserves, assuming a yield of 1% (same as current yield).

(6) - There is no separate minimum fund balance reserve established by City Council policy regarding streets related projects. The Minimum fund balance reserve for emergency contingency in the City Capital Investment Fund is expected to serve any emergency need.

Capital Project Cost Projections - 10-Year Forecast - All Projects

Capital Project Cost Projections - 10-Year Forecast - All Projects (1)											
Asset Category	Total Cash Flow Requirements	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Streets											
Pavement Management (see separate analysis)	11,750,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Sidewalks, Curbs and Gutters	345,000	345,000	-	-	-	-	-	-	-	-	-
Traffic Study	325,000	325,000	-	-	-	-	-	-	-	-	-
Street Lights	-	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4,733,591	-	-	-	-	-	237,599	-	499,442	-	3,996,550
Subtotal - Street Projects Eligible for Funding from Transportation-related Revenue Sources (2)	17,153,591	2,020,000	1,350,000	1,350,000	1,350,000	1,350,000	1,237,599	1,000,000	1,499,442	1,000,000	4,996,550
Bridges											
Bridges	250,000	-	-	-	-	250,000	-	-	-	-	-
Lagoon Structures	632,404	-	-	140,000	-	-	-	-	492,404	-	-
Levee	2,500,000	2,500,000	-	-	-	-	-	-	-	-	-
Parks	18,108,800	3,475,000	1,155,000	1,335,000	1,120,000	1,275,000	2,456,400	2,690,400	1,887,600	1,190,400	1,524,000
Traffic Improvements Lincoln/3rd	626,175	626,175	-	-	-	-	-	-	-	-	-
Buildings	910,407	80,252	67,581	-	-	-	183,824	-	578,750	-	-
Subtotal - Other Projects Funded from City Capital Investment Fund (2)	23,027,786	6,681,427	1,222,581	1,475,000	1,120,000	1,525,000	2,640,224	2,690,400	2,958,754	1,190,400	1,524,000
Totals	40,181,377	8,701,427	2,572,581	2,825,000	2,470,000	2,875,000	3,877,823	3,690,400	4,458,196	2,190,400	6,520,550
Rounded											
Average 10 Year Funding	4,018,138	4,018,000									
- Streets Funded Portion	1,715,359	1,715,000	(To Attachment B)								
- City Capital Investment Funded Portion	2,302,779	2,303,000	(To Attachment A)								

FOOTNOTES:

- (1) - This analysis identifies the total annual estimated project costs for funding asset construction and/or replacement over a 10-year forecast.
(2) - The cash flow requirements for each year are carried forward to the Fund Balance Analyses in Attachments B and A, respectively.

10-Year CIP Comparison

Asset Category	Ten Year Period 2015/16 - 2024/25	Ten Year Period 2016/17 - 2025/26	Increase (Decrease)	Notes
Streets	11,360,023	17,153,591	5,793,568	1
Bridges	-	250,000	250,000	2
Lagoon Structures	2,127,404	632,404	(1,495,000)	3
Levee	1,000,000	2,500,000	1,500,000	4
Parks	15,472,700	18,108,800	2,636,100	5
Traffic Improvements Lincoln/3rd	-	626,175	626,175	6
Buildings	762,575	910,408	147,833	7
	19,362,679	23,027,787	3,665,108	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Streets)	
Projected traffic signal replacements needed in FY 2025/26	3,997,000
Increase in costs for annual pavement work need to maintain PCI of 84	1,127,000
Proposed comprehensive citywide traffic study for FY 16/17	325,000
Proposed sidewalk installation at Bridgeview Park entrance; rehab of crosswalk pavers on Chess Drive; and Improvements at Metro Center Blvd and SR 92 on ramp in FY 16/17	345,000
	5,794,000
Note 2 (Bridges)	
Underwater Bridge Support Structures Inspection and Repair in FY 20/21	250,000
Note 3 (Lagoon Structures)	
FY15/16 Projects (Wooden Dock/Concrete Deck; Dredging at Lagoon Intake; Lagoon Intake Gate Replacement)	(1,495,000)
Note 4 (Levee)	
Additional advances funding needed for engineering design work. Once completed and direction is received from City Council, supplemental budget will	1,500,000
Note 5 (Parks)	
Based on staff's assessment for replacement/refurbishment of parks assets using recent park developments and synthetic turf projects at a per acre cost. See Attachment F for analysis of 10 year Parks CIP	2,636,100
(Note 6 (Traffic Improvements Lincoln/3rd)	
Traffic Improvements at Lincoln Center Drive and 3rd Ave for Biomed project (funded by Biomed)	626,000
Note 7 (Buildings)	
Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement. Total cost is \$443,500 to be shared equally (\$147,833 each) between the General Fund, Water, and Wastewater Funds	148,000
	3,665,100

PARKS 10-YEAR CIP OVERVIEW TABLE

PROJECTED BUDGET

<u>FISCAL YEAR</u>	<u>PROJECT NAME</u>	<u>NEW ASSET QUALIFIES FOR PIL</u>	<u>MAINTENANCE INFRASTRUCTURE RENOVATION</u>	<u>SUB-TOTAL</u>	<u>Approximate Contingency Rounded Off</u>	<u>TOTAL BUDGET (with Inflation)</u>	<i>Note: First 5 Years include Contingency and Inflation (to match write-ups)</i>	<u>Expected Useful Life</u>
2016-2017								
	S-1, S-2, B-1 Synthetic Turf	\$ 3,275,000		\$ 3,275,000				10 yrs
	Catamaran Turf Replacement		\$ 200,000	\$ 200,000				10 yrs
FY Totals		\$ 3,275,000	\$ 200,000	\$ 3,475,000	\$ -	\$ -		
2017-2018								
	<u>Tennis Courts Resurfacing:</u> (2011/12) (4) Tennis Courts Boothbay (4) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater <u>Basket Ball Courts:</u> Shad, Sunfish, Turnstone, Edgewater, Port Royal, Ketch		\$ 252,000	\$ 252,000				7 yrs
	Dog Park Synthetic Turf Replacement		\$ 310,000	\$ 310,000				8 yrs
	ADA upgrades to Playgrounds access - Erckenbrack, Gull, Marlin		\$ 593,000	\$ 593,000				50 yrs
FY Totals		\$ -	\$ 1,155,000	\$ 1,155,000	\$ -	\$ -		
2018-2019								
	Large Park Sign Replacement/Intallation (10)	0	\$265,000	\$ 265,000				25 yrs
	Family Playground at Boothbay Park	\$ 1,070,000	\$ -	\$ 1,070,000				50 yrs
FY Totals		\$ 1,070,000	\$ 265,000	\$ 1,335,000	\$ -	\$ -		
2019-2020								
	ADA upgrades - Farragut, Killdeer, Shad, Sunfish playgrounds replcmnt		\$ 328,000	\$ 328,000				
	Replcmnt <u>Synthetic</u> Surfaces at Amphitheatre, Boat Park & Rec.Center Boardwalks/ Boathouse		\$ 792,000	\$ 792,000				15 yrs
FY Totals		\$ -	\$ 1,120,000	\$ 1,120,000	\$ -	\$ -		
2020-2021								
	Arcturus Park Renovation	\$ -	\$ 616,000	\$ 616,000				50 yrs

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PARKS 10-YEAR CIP OVERVIEW TABLE

PROJECTED BUDGET

<u>FISCAL YEAR</u>	<u>PROJECT NAME</u>	<u>NEW ASSET QUALIFIES FOR PIL</u>	<u>MAINTENANCE INFRASTRUCTURE RENOVATION</u>	<u>SUB-TOTAL</u>	<u>Approximate Contingency Rounded Off</u>	<u>TOTAL BUDGET (with Inflation)</u>	<i>Note: First 5 Years include Contingency and Inflation (to match write-ups)</i>	<u>Expected Useful Life</u>
	Pompano Conversion	\$ -	\$ 459,000	\$ 459,000				50 yrs
	Tennis Courts Resurfacing: (3) Edgewater (2014) (2) Catamaran Park (2014) Basketball Courts: Catamaran (2014), Teen Ctr., Edgewater.		\$ 200,000	\$ 200,000	\$ -	\$ -		7 yrs
FY Totals		\$ -	\$ 1,275,000	\$ 1,275,000				
5-Year Totals	FY Ending 2016-2020	\$ 4,345,000	\$ 4,015,000	\$ 8,360,000	\$ -	\$ 8,360,000	\$ 8,360,000	
2021-2022								
	Parking Lot Resurfacing: Civic Center and South Drive; Police Station; Port Royal; Boat Park; Library/Community Center; Rec. Ctr. & South Parkinglot; Senior Center; Boothbay; Sea Cloud Large lot; small lot. (ALL 2014)		\$ 440,000	\$ 440,000	\$ 528,000	\$ 607,200		7 yrs
	Park Pathways Resurfacing		\$ 400,000	\$ 400,000	\$ 480,000	\$ 552,000		11 yrs
	Boardwalk Refinishing (Ryan)		\$ 40,000	\$ 40,000	\$ 48,000	\$ 55,200		5 yrs
	Killdeer Park Renovation		\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,104,000		50 yrs
	Levee Landscape - by Port Royal	\$ 100,000		\$ 100,000	\$ 120,000	\$ 138,000		50 yrs
FY Totals		\$ 100,000.00	\$ 1,680,000	\$ 1,780,000.00	\$ 2,136,000	\$ 2,456,400	\$ 2,456,400	
2022-2023	Synthetic Fields Resurfacing (S-4 & Port Royal)		\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,132,800		10 yrs
	Dog Park Synthetic Turf Replacement		\$ 200,000	\$ 200,000	\$ 240,000	\$ 283,200		7 yrs
	Shad Park Renovation		\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,132,800		50 yrs
	ADA upgrades - Gull Tot-lot		\$ 100,000	\$ 100,000	\$ 120,000	\$ 141,600		
FY Totals		\$ -	\$ 1,900,000	\$ 1,900,000	\$ 2,280,000	\$ 2,690,400	\$ 2,690,400	
2023-2024	Synthetic Surface Softball & Soccer field Edgewater Park	\$ -	\$ 500,000	\$ 500,000	\$ 600,000	\$ 726,000		10yrs
	Turnstone Park Renovation	0	\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,161,600		50 yrs

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PARKS 10-YEAR CIP OVERVIEW TABLE

PROJECTED BUDGET

<u>FISCAL YEAR</u>	<u>PROJECT NAME</u>	<u>NEW ASSET QUALIFIES FOR PIL</u>	<u>MAINTENANCE INFRASTRUCTURE RENOVATION</u>	<u>SUB-TOTAL</u>	<u>Approximate Contingency Rounded Off</u>	<u>TOTAL BUDGET (with Inflation)</u>	<i>Note: First 5 Years include Contingency and Inflation (to match write-ups)</i>	<u>Expected Useful Life</u>
FY Totals		\$ -	\$ 1,300,000	\$ 1,300,000	\$ 1,560,000	\$ 1,887,600	\$ 1,887,600	
2024-2025								
	Sunfish Park Renovation	0	\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,190,400		50 yrs
FY Totals		\$ -	\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,190,400	\$ 1,190,400	
2025-2026								
	Tennis Courts Resurfacing: (2011/12) (4) Tennis Courts Boothbay (4) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater <u>Basket Ball Courts:</u> Shad, Sunfish, Turnstone, Edgewater, Port Royal, Ketch	\$ -	\$ 200,000	\$ 200,000	\$ 240,000	\$ 304,800		7 yrs
	Gull Park Renovation	\$ -	\$ 800,000	\$ 800,000	\$ 960,000	\$ 1,219,200		50 yrs
FY Totals		\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,200,000	\$ 1,524,000	\$ 1,524,000	
10-Year Totals	FY Ending 2017-2026	\$ 4,445,000	\$ 10,695,000	\$ 15,140,000	\$ -	\$ 18,108,800	\$ 18,108,800	

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10-Year CIP Comparison FY 16-26 PARKS

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FISCAL YEAR	PROJECT NAME	Last year's Total Budget w/Inflation & Contingency	This year's Total Budget w/Inflation & Contingency	Difference	NOTES:
2016-2017					(Dog Park Synthetic moved to 17-18 ADA upgrades moved to 17-18)
	S-1, S-2, B-1 Synthetic Turf	\$ 3,275,000	\$ 3,275,000	\$ -	No Change
	Catamaran Turf Replacement	\$ 175,000	\$ 200,000	\$ 25,000	Added Contingency
	Water Conservation Medians	\$ 325,000	\$ -	\$ (325,000)	Moved to Exception Request (Medians+Cul-de-sacs) \$150K
FY Totals				\$ -	
2017-2018				\$ -	
	Tennis Courts Resurfacing: (2011/12) (4) Tennis Courts Boothbay (4) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater Basket Ball Courts: Shad, Sunfish, Turnstone, Port Royal, Ketch	\$ 245,000	\$ 252,000	\$ 7,000	Moved from FY 18-19 + Inflation
	Dog Park Synthetic Turf Replacement	\$ 275,000	\$ 310,000	\$ 35,000	Inflation Factor
	ADA upgrades to Playgrounds access - Erckenbrack, Gull, Marlin, Turnstone	\$ 475,000	\$ 593,000	\$ 118,000	Added Turnstone + Inflation
	ADA upgrades to Turnstone Etc.	\$ 100,000	\$ -	\$ (100,000)	(Added to project above)
FY Totals				\$ -	
2018-2019				\$ -	
	Large Park Sign Replacement/Intallation (13)	\$ 180,000	\$ 265,000	\$ 85,000	Inflation Factor + 5 Additional Signs
	Family Playground at Boothbay Park	\$ 110,000	\$ 1,070,000	\$ 960,000	Last Year's proposal was for Outdoor Fitness Equipment only. This year's proposal includes Lawn Conversion, Expansion of Play Area.

10-Year CIP Comparison FY 16-26 PARKS

Attachment F

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	Medians Irrigation Clocks Imp.	\$ 220,000	\$ -	\$ (220,000)	Moved to Exception Request (Medians+Cul-de-sacs) \$150K
	Cul-de-Sacs Refurbishment	\$ 435,000	\$ -	\$ (435,000)	Moved to Exception Request (Medians+Cul-de-sacs) \$150K
FY Totals				\$ -	
2019-2020				\$ -	
	ADA upgrades - Farragut, Killdeer, Shad, Sunfish playgrounds replcmnt	\$ 575,000	\$ 328,000	\$ (247,000)	Re-Evaluated Scope and estimated cost
	Replcmnt <u>Synthetic</u> Surfaces at Amphitheatre, Boat Park & Rec.Center Boardwalks/ Boathouse	\$ 725,000	\$ 792,000	\$ 67,000	Inflation Factor (moved from FY 17-18
	LED Lighting in Parks	\$ 200,000	\$ -	\$ (200,000)	Moved to Line-Item as \$20K/year for 5 years
FY Totals				\$ -	
2020-2021				\$ -	
	Arcturus Park Renovation	\$ 390,000	\$ 616,000	\$ 226,000	Inflation Factor based on recent Park developments at per acre cost
	Pompano Conversion	\$ 345,000	\$ 459,000	\$ 114,000	Inflation Factor based on recent Park developments at per acre cost
	<u>Tennis Courts Resurfacing:</u> (3) Edgewater (2014) (2) Catamaran Park (2014) <u>Basketball Courts:</u> Catamaran (2014), Teen Ctr., Edgewater.	\$ 393,300	\$ 200,000	\$ (193,300)	Re-Evaluated Scope and estimated cost based on recent resurfacing project. Moved up from FY 21-22
FY Totals				\$ -	
5-Year Totals	FY Ending 2016-2020	\$ 8,443,300	\$ 8,360,000	\$ (83,300)	
2021-2022				\$ -	
	<u>Parking Lot Resurfacing:</u> Civic Center and South Drive; Police Station; Port Royal; Boat Park; Library/Community Center; Rec. Ctr. & South Parkinglot; Senior Center; Boothbay; Sea Cloud Large lot; small lot. (ALL 2014)	\$ 455,400	\$ 607,200	\$ 151,800	Inflation Factor based on recent Parkinglot Project Cost

10-Year CIP Comparison FY 16-26 PARKS

Attachment F

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	Park Pathways Resurfacing	\$ 483,000	\$ 552,000	\$ 69,000	<i>Inflation Factor based on recent Parkinglot Project Cost</i>
	Boardwalk Refinishing (Ryan)	\$ 55,200	\$ 55,200	\$ -	<i>No Change</i>
	Killdeer Park Renovation	\$ -	\$ 1,104,000	\$ 1,104,000	<i>Infrastructure reaching useful life (Irrigation, Pathways, Landscaping)</i>
	Levee Landscape - by Port Royal	\$ 100,000	\$ 138,000	\$ 38,000	<i>Inflation Factor (moved from FY 18/19)</i>
	Cul-de-Sacs Refurbishment	\$ 207,000	\$ -	\$ (207,000)	<i>Moved to Exception Request (Medians+Cul-de-sacs) \$150K</i>
FY Totals				\$ -	
2022-2023	Synthetic Fields Resurfacing (S-4 & Port Royal)	\$ 1,132,800	\$ 1,132,800	\$ -	<i>No Change</i>
	Dog Park Synthetic Turf Replacement	\$ 177,000	\$ 283,200	\$ 106,200	<i>Inflation Factor</i>
	Shad Park Renovation	\$ -	\$ 1,132,800	\$ 1,132,800	<i>Infrastructure reaching useful life (Irrigation, Pathways, Landscaping)</i>
	ADA upgrades - Gull Tot-lot	\$ 70,800	\$ 141,600	\$ 70,800	<i>Re-Evaluated Scope and estimated cost</i>
FY Totals				\$ -	
2023-2024	Synthetic Surface Softball & Soccer field Edgewater Park	\$ 2,265,600	\$ 726,000	\$ (1,539,600)	<i>Re-Evaluated Scope and estimated cost based on recent resurfacing estimate for Catamaran Park Synthetic</i>
	Turnstone Park Renovation	\$ -	\$ 1,161,600	\$ 1,161,600	<i>Infrastructure reaching useful life (Irrigation, Pathways, Landscaping)</i>
	Cul-de-Sacs Refurbishment	\$ 212,400	\$ -	\$ (212,400)	<i>Moved to Exception Request (Medians+Cul-de-sacs) \$150K</i>
FY Totals				\$ -	
2024-2025				\$ -	
	Sunfish Park Renovation	\$ -	\$ 1,190,400	\$ 1,190,400	<i>Infrastructure reaching useful life (Irrigation, Pathways, Landscaping)</i>
	Cul-de-Sacs Refurbishment	\$ 145,200	\$ -	\$ (145,200)	<i>Moved to Exception Request (Medians+Cul-de-sacs) \$150K</i>
FY Totals				\$ -	
2025-2026				\$ -	

10-Year CIP Comparison FY 16-26 PARKS

Attachment F

	<u>Tennis Courts Resurfacing:</u> (2011/12) (4) Tennis Courts Boothbay (4) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater <u>Basket Ball Courts:</u> Shad, Sunfish, Turnstone, Edgewater, Port Royal, Ketch	\$ -	\$ 304,800	\$ 304,800	<i>New Infrastructure Improvement Project (Year 10)</i>
	Gull Park Renovation	\$ -	\$ 1,219,200	\$ 1,219,200	<i>Infrastructure reaching useful life (Irrigation, Pathways, Landscaping)</i>
FY Totals				\$ -	
10-Year Totals	FY Ending 2017-2026	\$ 13,747,700	\$ 18,108,800	\$ 4,361,100	

Notes:

- 1) Took Cul-de-sacs Refurbishments off this list, with the intention that we get equivalent increase in Line-item Budget for the next 5+ years.
- 2) Took LED Lighting off this list, with the intention that we get increase in Line-item Budget probably in FY 17/18.
- 3) Added 5 Park Renovation Projects based on Infrastructure reaching useful life. 50 Years.
 - Killdeer
 - Shad
 - Turnstone
 - Sunfish
 - Gull



DATE: March 28, 2016

TO: President and Members of the EMID Board of Directors

VIA: Kevin M. Miller, District Manager

FROM: Edmund Suen, Finance Director
Jeff Moneda, Public Works Director

SUBJECT: Long-Term Capital Improvement Project Funding – Water and Wastewater Enterprise Funds – FY 2016-2017 to FY 2025-2026

RECOMMENDATION

Staff recommends that the District Board review the updated analysis and provide direction regarding the Long-Term Capital Improvement Project (CIP) funding for the Water and Wastewater Enterprise Funds. The funding requirement necessary to maintain the minimum \$2 million reserve in the Water Fund and Wastewater Fund is unchanged from the prior fiscal year at \$205,000 and \$780,000 respectively.

EXECUTIVE SUMMARY

In 2010, the Board approved a funding strategy for its Water and Wastewater CIPs in the form of a Long-Term CIP Funding program. This program analyzes potential future CIP projects over a 10-year capital expenditure forecast and funds those needs on an annual basis at 1/10th (allocated annually over a 10-year period) of the unfunded capital expenditures obligation. This was approved in recognition of the District's "pay-as-you-go" approach to funding capital projects. The District prefers to not use debt financing for its capital projects unless it is necessary.

Staff reviewed the long-term CIP analysis and made some modifications in regards to the funding amounts and timing of future projects and in consideration of the 5-Year Capital Improvement Project Plan proposed under a separate Agenda item this evening. In addition, there is a growing Capital Improvement Reserve balance in both the Water and Wastewater funds. The District has taken these reserve balances into consideration in determining the funding necessary to ensure that the reserve balances stay above the minimum \$2 million emergency reserve level in both the Water and Wastewater Funds. Accordingly, the annual funding need for the Water Fund is \$205,000 per year, the same as the prior year's analysis. The annual funding need for the Wastewater Fund is \$780,000, also the same as the prior year's analysis. In addition, the District is a 25% joint owner with the City of San Mateo (75% owner) of a waste water treatment system (WWTP) located in San Mateo. The

system has an aging infrastructure and is also under a 2009 cease and desist order for sanitary sewer overflows. As a result, San Mateo is currently undertaking a 10-year integrated Wastewater Master Plan (Clean Water Program) for the rehabilitation of the WWTP for which the District will be responsible for its proportionate share of costs of approximately \$112.5 million. Much of these costs will require external funding including the State revolving loan and/or bond financing. These costs are expected to be recovered over time as part the annual update of the District's wastewater rate structure. These funding levels have been incorporated in the FY 2016-2017 Water and Wastewater Rate Models that are also on the agenda for consideration this evening under the assumption that the District Board would continue its policy of incorporating these long-term CIP projects in the 10-year rate model. Should the District Board provide direction that is contrary to this assumption, staff will incorporate the impact of direction received into the 10-year Rate Models for purposes of establishing the rates that will be noticed to all ratepayers under the requirements of Proposition 218.

BACKGROUND

The District Board has made it a priority to ensure that the District's infrastructure is well-maintained on an ongoing basis. Such proactive maintenance and repair of infrastructure ensures that key systems are operating at peak levels, promotes safety in terms of necessary infrastructure, provides for a continuity of services to the community, maintains property values, and eventually leads not only to a pleased citizenry but also to maintaining the quality of life they have come to expect.

In prior years, our capital improvement efforts primarily focused on construction of new infrastructure. Now that the District is at build-out, we have transitioned from new construction to infrastructure maintenance (with the exception of the WWTP project). This affects how we characterize and fund future CIP programs.

Maintenance vs. CIP

Managing the District's infrastructure manifests itself in the following ways:

- Proactive Maintenance Activities – The preventative maintenance efforts of the District's Public Works Maintenance crews on an ongoing basis assist in reducing the overall future costs of District's infrastructure. These ongoing operating costs help reduce the magnitude and expense of future infrastructure replacement projects.
- Recurring Capital Improvement Projects – Some CIPs are considered "recurring" and amount to significant repair work, such as pipe repairs, water valve replacements, and water tank lining projects. The underlying infrastructure is still usable, but these larger maintenance efforts help to extend the useful lives of the underlying infrastructure.
- Infrastructure Replacement / Construction Projects – Other CIPs are considered so significant in nature that the entire infrastructure is replaced or built anew. An example of this is the Lift Station rehabilitation projects.

The District has historically considered the latter two categories (Recurring CIPs and Infrastructure Replacement / Construction) as Capital Improvement Projects, and has funded these projects out of specifically designated CIP funds within each respective Enterprise fund. The District needs to incorporate long-term CIP projects in its rate models so that the burden of such projects can be planned for and incorporated into the rate structure to mitigate the impact on customers over a longer period.

ANALYSIS

Approach

Staff hired Bartle Wells Associates to update our water and wastewater rate model to include the fiscal impacts of the WWTP project on our Long-Term CIP Funding analysis and also in light of current maintenance efforts, assessment of replacement requirements, and replacement costs in the following categories:

Water System

- Fire Hydrants – these important safety amenities are included in the water operations
- Water Infrastructure – this includes pipes, valves, seismic retrofits, water tank improvements (not replacement), and other elements of the delivery of water from the point of our water structures to delivery at customers' properties
- Water Structures – this includes the four (4) water tanks and the booster pump station located at the Corporation Yard
- Corporation Yard – this includes the Water System's 1/3 share of the Corporation Yard facilities and fixtures with the City and Wastewater Enterprise including locker room, shower room, kitchen/lunch room, gates, and roof.

Wastewater System

- Pipelines – the primary means of collecting wastewater from customers and transporting it to the Wastewater Treatment Plant in San Mateo
- Valves – which serve as critical junction and shutoff points within the system
- Lift Stations – since Foster City is relatively flat, Lift Stations and their accompanying generators assist wastewater to flow through the system to the treatment plant where gravity would otherwise serve this purpose
- Parallel Force Mains – critical elements at key points that connect the lift stations together in one system
- Corporation Yard – this includes the Wastewater's 1/3 share of the Corporation Yard facilities and fixtures with the City and Water Enterprise including locker room, shower room, kitchen/lunch room, gates, and roof.

Next, we considered the level of maintenance and serviceability of capital assets in order to determine the appropriate estimated useful lives of each asset. We also considered the relative costs associated with such maintenance to evaluate the cost-effectiveness of such maintenance efforts.

Assumptions

Funding Sources

In each category, initial assumptions were made as to the funding sources of various assets. In the future, it is unlikely that new infrastructure will be constructed. Nevertheless, any new construction such as the WWTP is assumed to be funded from new sources (e.g., debt financing, developer fees). In addition, if an asset replacement value was considered so significant that the only effective financing option was to use debt financing (in the form of bonds, bank loans, etc.), or if those assets were funded from other sources (e.g., Equipment Replacement Funds [ERF]), those assets were excluded. Assets excluded in each category (including the assumed alternate funding source in parentheses) were as follows:

Water System

- Fire Hydrants – hydrants practically do not call for replacement; operating funds are used to replace hydrants which are damaged or require repair
- Valves – CIP funding needed to replace, rehabilitate or repair various infrastructure elements such as pipes, valves, and other elements mentioned above when necessary; system wide replacement of each element type is not anticipated short of a catastrophic event.
- Water Structures – water tanks have very long lives; lining in the three steel tanks require CIP funding every 15 years
- Water Meters – meters are included as part of the Equipment Replacement Fund and are not considered as part of this analysis

Wastewater System

- Pipes –CIP funding for pipes requiring rehabilitation or repair; system wide replacement of pipes is not anticipated short of a catastrophic event
- Valves – valve replacement costs are included in CIP plans
- Lift Stations – lift station rehabilitation projects require CIP funding; generators, their transfer switches, and portable generators are funded through Equipment Replacement funds and are not considered as part of this analysis
- Parallel Force Mains – force main replacement requires CIP funding
- Wastewater Treatment System (WWTP) – rehabilitation that San Mateo is undertaking under its 10-year integrated Wastewater Master Plan (Clean Water Program) for which the District will be responsible for its proportionate share of costs of approximately \$112.5 million

Expenditure Assumptions

The key expenditure assumptions were:

- Replacement values – replacement values were reviewed and updated from the prior year's analysis, if necessary. All values were expressed in terms of future replacement values taking into consideration factors such as inflation (see below), project size, timing of replacement / repair / rehabilitation, and construction contingency funding.
- Inflation – A 2.5% long-term inflation factor was used based upon the following factors: a 30 year historical analysis of CPI indices for the Bay Area and Construction Cost Indices for the San Francisco area; the spread

between Treasury-Inflation-Protected Securities and Treasury notes for 10, 15 and 20-year bonds which are indicative of the investment market's expectations for long-term inflation; economic projections from Beacon Economics; economist projections from sources such as Bloomberg/Business Week, Barron's, Fortune, and the Wall Street Journal; and, experience in bidding projects of similar type.

Revenue Assumptions

In both the cases of Water and Wastewater rates, CIP funding is considered as part of the "fixed costs" of each system and is included in the existing rate model which projects costs over a 10-year period using a "pay-as-you-go" philosophy. The Rate model no longer reflects the actual 5-Year or 10-Year CIP expenditures on CIPs, rather it only reflects the annual funding from this 10-Year analysis.

10-Year Capital Expenditure Funding Methodology

This District uses a funding methodology that looks at the total replacement value of assets which are scheduled to be replaced in the next 10-year window, and then averages the replacement amount over the 10-year window. The Public Works Department reviews the list in detail and determines that each component is properly forecast in terms of replacement value, timing, and the completeness of the list.

Based upon Staff's detailed review of the components of the 10-Year CIP Funding needs, the scenario generates an annual CIP amount averaging \$407,000 for Water Infrastructure, and \$1,256,000 for Wastewater Infrastructure (excluding WWTP, which is to be funded by State Revolving Loan and/or Bond financing).

This funding amount is then compared to the available fund balance reserves, and comparing those reserves to the cash flow requirements to fund projects in the 10-year forecast. The District Board's minimum emergency reserve requirement for capital improvement projects is \$2 million each for the Water Capital Investment Fund and the Wastewater Capital Investment Fund, respectively. The 10-Year Fund Balance analysis then reduces the 10-Year Average CIP funding to maintain the Capital Investment Reserves in each fund comfortably above the \$2 million minimum reserve threshold over the 10-year forecast.

In the attached analysis, the annual Water Capital Investment funding requirement is \$205,000, and the annual Wastewater Capital Investment funding requirement (excluding WWTP) is \$780,000 (unchanged from the current fiscal year's funding level). This approach allows the District to take into consideration investment earnings and savings on completed capital improvement projects as a means of offsetting the required annual funding amount. Since the WWTP is a shared project with San Mateo which will require external funding (State revolving loan and/or bond financing), staff has intentionally segregated it in the 10-year analysis and excluded it from the Reserve funding. However, due to the cash flow requirements provided by San Mateo's consultants on the WWTP project, staff has included in our assumptions that an aggregate of \$3,238,092 will be funded through a borrowing of monies from the Wastewater Reserve balance through 6/30/16 and will be repaid

equally over a 5 year period commencing in FY 2016-2017 when the District secures external funding in the form of the State Revolving Loan and/or bond financing.

Key Changes from Prior Year's Analysis

Key changes in this year's analysis from the prior year's analysis include:

- In aggregate, total funding for the 10-year forecast for both the Water CIP Plan (\$3.9 million for the current 10-year cycle vs. \$4.2 million for the FY 16-17 10-year cycle) and Wastewater CIP Plan (\$12.4 million for the current 10-year cycle vs. \$12.7 for the FY 16-17 10-year cycle) are minimal. Master Plan studies for both the water distribution system and the wastewater collection system are proposed for FY 2016-17 to provide an evaluation of the condition of the respective systems for the development of the long-range CIP.
- Consideration of Capital Investment Fund Reserves – the methodology takes into consideration available Capital Investment Fund Reserves as a means of offsetting the amounts required to be funded each year based on a cash flow analysis and to maintain the minimum \$2 million reserve. In the case of the Water CIP Fund, it is anticipated that the reserve at July 1, 2016 will be \$7.1 million. In the case of the Wastewater CIP Fund, it is anticipated that the reserve at July 1, 2016 will be \$4.2 million.

Summaries of the detailed calculations performed are attached as Attachments A-1 and A-2 to this report for each fund.

Staff seeks District Board direction in this Budget Study Session for implementing a long-term funding strategy for District (Enterprise) capital projects.

Attachments:

- Attachment A-1 – Water Enterprise Fund Funding Strategy – 10-Year Fund Balance Analysis
- Attachment A-2 – Water Enterprise Fund Funding Strategy – 10-Year Capital Expenditure Requirements
- Attachment B-1 – Wastewater Enterprise Fund Funding Strategy – 10-Year Fund Balance Analysis
- Attachment B-2 – Wastewater Enterprise Fund Funding Strategy – 10-Year Capital Expenditure Requirements
- Attachment C – 10-Year CIP Comparison

Water Enterprise Fund

Funding Strategy
10-Year Fund Balance Analysis

	Fund Balance Analysis - 10-Year Forecast										10 year
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Beginning Fund Balance	7,144,174	6,969,174	7,174,174	4,911,174	4,246,174	4,451,174	4,556,174	4,661,174	4,766,174	4,871,174	7,144,174
Less: Capital Improvement Expenditures	(380,000)		(2,468,000)	(870,000)	-	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(4,218,000)
Add: Annual Long-Term CIP Funding from Operations (1)	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	6,270,000
Increase (Decrease) to Annual Long-Term CIP Funding due to Excess / Deficiency of Reserves (2)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(422,000)	(4,220,000)
Ending Fund Balance	6,969,174	7,174,174	4,911,174	4,246,174	4,451,174	4,556,174	4,661,174	4,766,174	4,871,174	4,976,174	4,976,174
Less Minimum Fund Balance Requirement	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Fund Balance Over Minimum Requirement	4,969,174	5,174,174	2,911,174	2,246,174	2,451,174	2,556,174	2,661,174	2,766,174	2,871,174	2,976,174	2,976,174
Net Annual Long-Term CIP Funding from Operations (1) - (2)	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	2,050,000

NOTE:

This analysis projects fund balance levels over the 10-year period to determine:

- (A) - That there are sufficient funds to meet cash flow requirements in future years
- (B) - The extent to which excess cash is being reserved

Attachment A-2

Funding Strategy

10-Year Capital Expenditure Requirements

4.2.3 -

88

say

This strategy identifies the average annual cash flow requirements for funding asset replacement over a 10-year forecast.

(1) - Fire hydrants are replaced as needed through the annual operating budgets. Short of a major catastrophe, it is assumed operating budgets will handle replacements

Wastewater Enterprise Fund

Funding Strategy
10-Year Fund Balance Analysis

	Fund Balance Analysis - 10-Year Forecast										10 year Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Beginning Fund Balance	4,213,830	4,561,449	5,921,068	7,348,686	8,276,304	3,703,922	3,483,922	3,963,922	3,408,922	1,985,922	4,213,830
Less: Capital Improvement Expenditures	(1,080,000)	(68,000)	-	(500,000)	(6,000,000)	(1,000,000)	(300,000)	(1,335,000)	(2,203,000)	(217,000)	(12,703,000)
Add: Repayment of Loans from Reserves for WWTP Project (C)	647,619	647,619	647,618	647,618	647,618	-	-	-	-	-	3,238,092
Add: Annual Long-Term CIP Funding from Operations (1)	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000	20,500,000
Increase (Decrease) to Annual Long-Term CIP Funding due to Excess / Deficiency of Reserves (2)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(1,270,000)	(12,700,000)
Ending Fund Balance	4,561,449	5,921,068	7,348,686	8,276,304	3,703,922	3,483,922	3,963,922	3,408,922	1,985,922	2,548,922	2,548,922
Less Minimum Fund Balance Requirement	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Fund Balance Over Minimum Requirement	2,561,449	3,921,068	5,348,686	6,276,304	1,703,922	1,483,922	1,963,922	1,408,922	(14,078)	548,922	548,922
 Net Annual Long-Term CIP Funding from Operations (1) - (2)	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000	 780,000

NOTE:

This analysis projects fund balance levels over the 10-year period to determine:

- (A) - That there are sufficient funds to meet cash flow requirements in future years
- (B) - The extent to which excess cash is being reserved
- (C) Loans totalling \$3,238,092 (\$373,467 in FY14/15 and \$2,864,625 in FY15/16) from the WWTP Fund Balance for the WWTP project to be repaid over a 5 year period. This \$10,898,047 will be funded through a combination of short-term bank financing, State Revolving Fund and/or bond financing and recovered through wastewater rate adjustments.

Wastewater Enterprise Fund

**Funding Strategy
10-Year Cash Flow Model**

Cash Flow Requirements - 10-Year Forecast

Asset Category	Total Cash Flow Requirements	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pipelines	300,000	-	-	-	-	-	-	300,000	-	-	-
Valves	969,000	-	-	-	-	-	-	-	474,000	278,000	217,000
Lift Stations (excl. Generators)	9,286,000	-	-	-	500,000	6,000,000	-	-	861,000	1,925,000	-
Force Mains	1,750,000	750,000	-	-	-	-	1,000,000	-	-	-	-
Master Plan Study	250,000	250,000	-	-	-	-	-	-	-	-	-
Buildings	147,833	80,252	67,581	-	-	-	-	-	-	-	-
Waste Water Treatment Plant ¹	-	-	-	-	-	-	-	-	-	-	-
Totals	12,702,833	1,080,252	67,581	-	500,000	6,000,000	1,000,000	300,000	1,335,000	2,203,000	217,000

Average 10 Year Funding **1,270,000**
say **1,270,000**

Waste Water Treatment Plant ¹ 109,267,592 10,898,047 13,512,390 23,476,196 26,026,206 22,954,757 9,117,770 1,470,615 1,718,730 92,881 -

NOTE:

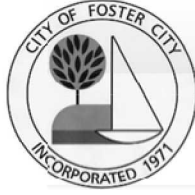
This strategy identifies the average annual cash flow requirements for funding asset replacement over a 10-year forecast.

¹ The District is a 25% joint owner with the City of San Mateo (75% owner) of a waste water treatment system (WWTP) located in San Mateo. The system has an aging infrastructure and is also under a 2009 cease and desist order for sanitary sewer overflows. As a result, San Mateo is undertaking a rehabilitation of the WWTP under a 10-year integrated Wastewater Master Plan (Clean Water Program) for which the District will be responsible for its proportionate share of costs of approximately \$112.5 million (\$3,238,092 through 6/30/16 plus \$109,267,592 from FY 16/17 to FY 24/25) . Much of these costs will require external funding including State revolving loan and/or bond financing. These costs are expected to be recovered over time as part the annual update of the District's wastewater rate structure.

10-Year CIP Comparison

	Ten Year Period 2015/16 - 2024/25	Ten Year Period 2016/17 - 2025/26	Increase (Decrease)	Notes
Water Enterprise:				
Asset Category				
Water Distribution Master Plan Study	-	250,000	250,000	1
Buildings	-	147,833	147,833	2
Water Infrastructure/Structures	3,870,000	3,820,000	(50,000)	3
Total	3,870,000	4,217,833	347,833	
Wastewater Enterprise:				
Asset Category				
Buildings	-	147,833	147,833	2
Wastewater Collection System Master Plan Study	-	250,000	250,000	4
Pipelines	300,000	300,000	-	
Valves	752,328	969,000	216,672	5
Lift Stations (excluding generators)	9,582,076	9,286,000	(296,076)	6
Force Mains	1,800,000	1,750,000	(50,000)	7
	12,434,404	12,702,833	268,429	

	Increase (Decrease) Rounded to nearest \$1,000
Detailed Analysis:	
Water Enterprise	
Note 1 (Water Distribution Master Plan Study)	
Water Distribution Master Plan Study to assess the water system and to prioritize repairs and replacements to be included in the long-range CIP	250,000
Note 2 (Buildings)	
Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement. Total cost is \$443,500 to be shared equally (\$147,833 each) between the General Fund, Water, and Wastewater Funds	148,000
Note 3 (Water Infrastructure/Structures)	
\$50,000 reduction for projected cost to Remove and Recoat Water Tanks 1, 2, and 3	(50,000)
Total Increase (Decrease) for Water Enterprise 10-Year CIP	348,000
Wastewater Enterprise:	
Note 2 (Buildings)	
Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement. Total cost is \$443,500 to be shared equally (\$147,833 each) between the General Fund, Water, and Wastewater Funds	148,000
Note 4 (Wastewater Collection System Master Plan Study)	
Wastewater Collection Master Plan Study to evaluate the overall condition of the collection system for the development of the long-range CIP	250,000
Note 5 (Valves)	
Valve replacements due in FY 25/26	217,000
Note 6 (Lift Stations)	
CIP 645 Lift Station 59 Improvements is a FY 15/16 project and is therefore excluded in FY 16/17 10-year cycle	(250,000)
\$46,000 reduction in projected cost for systematic repairs to Sanitary Sewer System Gravity Mains.	(46,000)
	(296,000)
Note 7 (Force Mains)	
\$50,000 reduction in projected cost of sanitary sewer force main rehabilitations over the 10-year cycle	(50,000)
Total Increase (Decrease) for Wastewater Enterprise 10-Year CIP	269,000



DATE: March 28, 2016

TO: President and Members of the EMID Board of Directors

VIA: Kevin Miller, District Manager

FROM: Dante Hall, Assistant District Manager
Edmund Suen, Finance Director

SUBJECT: Review of Projected Water Rates for FY 2016 – 2017; Policy Direction for
Rate Notification under Proposition 218

RECOMMENDATION

It is recommended that the Estero Municipal Improvement District (EMID) Board of Directors:

1. Review and approve the proposed water rates for FY 2016-2017 based on a conservation-based rate model with two tiers (currently in use), or provide alternative direction; and
2. Based on that direction, authorize staff to establish the proposed water rates for FY 2016-2017 that will be noticed to all rate payers under the requirements of Proposition 218.

EXECUTIVE SUMMARY

The District engaged Bartle Wells Associates (BWA) to prepare the FY 2016-2017 Water Rate Study and recommend rate adjustments to recover increased costs while adhering to budget policy objectives established by the District Board related to Water Enterprise Funds.

EMIDS's water enterprise is in good financial standing. As of July 1, 2015, the enterprise meets the budget policy objectives established by the Board related to the Water Reserve Fund (equal to 25% of annual operating expenditures), the Capital Investment – Water Fund, and the Water Equipment Replacement Fund. As of July 2015, the Operating Reserve balance was \$454,739 to be used in case of an operational emergency or to smooth any "rate shocks" to water customers. The District

has seen declines in water consumption since conservation-based water rates and rebate programs were put in place. For FY 2014-2015, the overall water consumption decreased by 12% compared to FY 2013-2014. A review of water consumption data from the first five months of FY 2015-2016 suggests an average overall decrease in water consumption of 15% for the entire year.

Several factors influence the water rate adjustment proposals for next fiscal year and into the future. They include the following:

- **Increased San Francisco Public Utility Commission (SFPUC) wholesale rate (Effective July 1, 2016):** SFPUC anticipates a wholesale water rate increase of 8% (from \$3.75/hundred cubic feet, or “CCF”, to \$4.05/ccf) for FY 2016/17.
- **Bay Area Water Supply and Conservation Agency (BAWSCA) Surcharge:** The District will pay a new surcharge amount projected to be \$0.53/ccf through the SFPUC to the Bay Area Water Supply and Conservation Agency (BAWSCA) for capital improvement costs associated with the Water System Improvement Project (WSIP) to upgrade the Hetch Hetchy Water System.
- **Capital Funding:** The District’s strategy for funding long-term capital water improvements calls for an annual transfer from water operating revenues to the City’s Capital Improvement Fund to fund those projects. The proposed rate projections include a transfer out of \$205,000 for FY 2016-2017 and will be increased by inflation (3% per year) each year.
- **Conservation Costs:** Staff is recommending that the EMID Board increase funds allocated to the Water Sustainability Rebate Program from \$200,000 approved in FY 2015-2016 to \$400,000 for FY 2016-2017 to continue to support water conservation.
- **Ongoing Cost Inflation:** Draft operations and maintenance projections assume 2.5% to 3% annual cost inflation; meaning 2.5% to 3% annual rate adjustments are needed just to keep revenues in line with operating expenses (excluding wholesale water purchases).
- **Pension Liability:** Under new accounting rules, a pension liability was recorded at the end of last fiscal year. This resulted in a \$2.7 million reduction in available Water Operating Reserve Funds and prevents the Water District from meeting its operations and maintenance reserve target level of at least 25% of operating expenses. The proposed rate model developed by BWA utilizes available water enterprise reserves to satisfy pension liability obligations and incrementally increases rates to restore the Water Operating Reserve to its target by year five.

Staff recommends that the District continue to utilize the conservation-based rate model with two tiers (currently in use) for establishing both residential and commercial water rates whereby increasing levels of water consumption are subjected to higher rates. A base

level of consumption was established based on the need for a 20% reduction in overall water consumption. This base consumption standard is set at a bi-monthly consumption rate of 20 ccf., or what is known as Tier 1. Usage above 20 ccf. for the same period is identified as Tier 2 and charged at a higher rate. Approximately 81% of all water customers are Tier 1 users.

Based upon the SFPUC's anticipated wholesale water rate increase, the BAWSCA Surcharge for the WSIP and the projected increase in the water operations costs heading into FY 2016-2017, BWA recommends the following water rate adjustments:

1. A rate increase of 9.8% for Tier-One Single Family Residential customers and an increase of 28.2% for Tier-Two residential class customers.
2. A rate increase of 9.8% for Tier-One Multi-Family Residential customers and an increase of 27% for Tier-Two Multi-Family Residential class customers.
3. A rate increase of 13% for all Commercial and Fire Line class customers.
4. A rate increase of 9.8% for Irrigation customers with usage up to 100% of their annual water budget and an increase of 30.1% customers for customers that exceed their annual water budget.

The table below provides a comparison of current rates to proposed rates.

<p style="text-align: center;">Estero Municipal Improvement District Proposed Water Rates for FY 2016-2017 To be effective July 1, 2016</p> <p style="text-align: center;">Conservation-Based Water Rate Model (based on bi-monthly allotments)</p>			
Fiscal Year Ending June 30	Current 2016	Proposed 2017	Proposed Increase %
Residential: Single-Family Residences			
Tier 1: 0-20 ccf	\$ 4.30	\$ 4.72	9.8%
Tier 1: Over 20 ccf	\$ 4.64	\$ 5.95	28.2%
Residential: Multi-Family Residences			
Tier 1: 0-20 ccf	\$ 4.30	\$ 4.72	9.8%
Tier 1: Over 20 ccf	\$ 4.67	\$ 5.93	27.0%
Commercial Customers and Fire Line			
All Usage	\$ 4.40	\$ 4.97	13.0%
Irrigation Customers			
<=100% of annual budget	\$ 4.30	\$ 4.72	9.8%
>100% of annual budget	\$ 5.65	\$ 7.35	30.1%

Table 1

**Estero Municipal Improvement District
Proposed Water Rates for
FY 2016-2017
(Continued)**

Fiscal Year Ending June 30	Current 2016	Proposed 2017	Proposed Increase %
Monthly Meter Charge			
3/4"	\$ 17.25	\$ 18.90	9.6%
1"	\$ 28.75	\$ 31.50	9.6%
1-1/2"	\$ 69.00	\$ 75.60	9.6%
2"	\$ 92.00	\$ 100.80	9.6%
3"	\$ 201.25	\$ 220.50	9.6%
4"	\$ 362.25	\$ 396.90	9.6%
6"	\$ 805.00	\$ 882.00	9.6%
8"	\$ 1,380.00	\$ 1,512.00	9.6%
Private Fire Service Protection Meter Charge			
3/4"	\$ 24.15	\$ 26.46	9.6%
1"	\$ 24.15	\$ 26.46	9.6%
1-1/2"	\$ 24.15	\$ 26.46	9.6%
2"	\$ 32.20	\$ 35.34	9.8%
3"	\$ 70.45	\$ 77.11	9.5%
4"	\$ 126.80	\$ 138.92	9.6%
6"	\$ 281.75	\$ 308.64	9.5%
8"	\$ 483.00	\$ 529.20	9.6%

(Continued) Table 1

Staff requests that the Board review the information prepared by BWA and provide staff with direction regarding the water rates. Based on that direction, staff will prepare a notice that will be mailed to all ratepayers on or before April 11, 2016 in compliance with the provisions of Proposition 218. A public hearing on and adoption of the proposed rates will occur at the June 6, 2016 Board meeting in conjunction with the FY 2015-2016 Annual Budget Public Hearing. The new rates will become effective July 1, 2016.

BACKGROUND & ANALYSIS

The District currently provides water service to a population of approximately 32,500. Most of the District's customers are residential. There are approximately 8,127 water accounts that allow for water service and fire protection service. Eighty-five percent of all accounts utilize 3/4" water meters. Total water use decreased approximately 12% overall from FY 2013-2014 and FY 2014-2015. Single family residential use dropped 18%, multi-family residential use dropped 6% during that time period. Although we are only in the first five months of FY 2015-2016, water consumption data suggests an average overall decrease in water consumption of 15% for the entire year.

Historical Water Rate Setting Policies

The District purchases wholesale treated water from the SFPUC which is passed along to customers residing in the District boundaries. The rates that water customers pay are determined, in part, on a fixed charge based upon the size of the meter installed at the customer's location. The preponderance of revenue collected by the District is based upon the volume of water used by customers. Historically, the District has attempted to establish water rates that mirror the fixed vs. variable nature of the District's operating costs. Fixed costs (personnel, overhead expenses, capital improvement projects, etc.) are paid for through fixed charges associated with the size of the pipe that supplies a customer's location (meter charges). Variable costs associated with the cost of wholesale water purchased from SFPUC, including the BAWSCA Surcharge, are paid for by the volume-based water consumption rate charged to customers.

The District has historically set rates on a "Pay As You Go" basis, meaning that rates are increased only based upon budgeted current operating expenditures and planned capital improvement projects, in order to meet minimum reserve requirements equal to 25% of annual operating expenditures, plus \$2 million for unanticipated capital improvement expenditures.

Commercial Customers & Private Fire Line Service Protection

The District Board has consistently held that commercial customers should continue to pay for water using flat rate due to two factors: 1) the complexities involved in establishing effective conservation-based rate models that take into account the differences in commercial customers and how to define "normal use" for varying customer types (e.g., office buildings vs. restaurants); and, 2) the fact that some commercial customers are also irrigation customers where water conservation efforts would be most effective.

Staff recommends that the Commercial Customer flat rate structure be maintained by charging them the \$4.97/ ccf. for FY 2016-2017. BWA concurred with the District's practice of using a single tier as commercial customers are too heterogeneous to be fairly placed in a tiered rate structure. The single tier methodology is also commonly used by many water agencies. Staff continues to explore options to provide rebate programs to commercial customers to incentivize conservation.

Public safety is an important matter to the community. Fire Lines mitigate the risks of fire damage to a property and the surrounding community. Water usage for these systems is used on an as-needed basis. Staff recommends a flat rate model as the basis for consumption, which for FY 2016-2017 is recommended to be \$4.97 / ccf.

Rate Smoothing

In FY 2006-2007, the District Board implemented a long-term rate smoothing model that is still in use today. That long-term model takes into consideration the long-range projections by the SFPUC in terms of wholesale water rates and in light of significant capital improvements that have a profound impact on the rate, such as the WSIP program. The rate smoothing model attempts to maintain revenue increases at no

greater than 10% per year. The proposed FY 2016-2017 rates continue the use of a 10-year model which has proven to be successful in dampening the impacts of significant rate increases imposed by the SFPUC on the ratepayers.

Pension Liability Obligations

Effective June 30, 2015, the Governmental Accounting Standards Board issued new accounting standards that significantly change the way pension obligations are reported. Statement No. 68, Accounting and Reporting for Pensions requires that the District report its proportionate share of pension liability on financial statements to provide a better picture of its overall financial position. The pension liability recognition will reduce approximately \$2.7 million of water enterprise reserves and prevent the District from meeting its budget policy objective of maintaining 25% of annual operating expenditures in the Water Operating Reserve Fund. Attached to this report is a scenario developed by BWA for the District to consider for addressing pension liability through rate increases in a five-year period.

Funding District Long-Term Capital Improvements / Operating Reserves Maintained in the Operating Fund

In FY 2009-2010, the District implemented a long-term capital improvement funding strategy whereby a 10-year forecast was prepared for capital improvement projects (CIPs) and funding is transferred annually from water operating revenues to the Capital Improvement Fund to fund water projects. Each year, an analysis is performed to ensure that there are adequate funds available on a “pay-as-you-go” basis. The proposed water rate projections include a level annual transfer out of \$205,000 increased by inflation (3% per year).

Conservation-Based Water Modeling

The District currently operates under the terms of a Water Supply Assurance (WSA) Agreement that was approved by the District Board and the SFPUC in 2009. Under the terms of that agreement, the District is guaranteed a water supply assurance in non-drought years of 5.9 million gallons per day (MGD) on an annual basis. If the District exceeds the WSA threshold, the SFPUC would have the authority to charge an “environmental surcharge” penalty to the District for water usage above the 5.9 MGD cap. Those penalties have the potential to be financially severe to the District and its customers.

In an effort to ensure that the District lived within its WSA, the Board approved the implementation of a conservation-based water rate model for residential and irrigation customers as a means of striving towards conservation. Residential customer classes were assigned to a “tiered-rate” model whereby increasing levels of water consumption are subjected to higher rates. A base level of consumption was established based on the need for a 20% reduction in overall water consumption. This base consumption standard, which serves as Tier 2 of the model, was set at a bi-monthly consumption rate of 20 ccf.

Irrigation customers were assigned to a water budget rate model, that is based on landscaped areas, actual climate conditions, and evapotranspiration factors based on plant materials.

Water Sustainability Fund

To incentivize water conservation, the District created a Water Sustainability Fund that makes rebates available to residential customers and irrigation customers who implement water saving measures such as replacing existing toilets with high efficiency toilet retrofits, installing drought resistant plant materials, or replacing real turf with synthetic turf. Last year \$200,000 was placed in the Sustainability Fund budget. However, due to its popularity, the landscape conservation rebate program had to be suspended mid-year because funding ran out. The rate proposal for FY 2016 – 2017 includes an increase in the Water Sustainability Fund budget from \$200,000 to \$400,000 per year to continue the program with a few recommended alterations. The current program was \$4/SF for synthetic turf with the average cost for installation being \$15/SF. The current program was \$4/SF for Lawn-be-gone with the average cost for installation being \$8/SF. The proposal for FY 16/17 is the same for synthetic turf \$4, but a reduction to \$2/SF for Lawn-be-gone. The table below summarizes the increase in rebate distribution and justification for the changes (Table 2).

Proposed FY 2016 – 2017 Water Sustainability Fund Budget			
PROGRAM	FY 15/16	FY 16/17	JUSTIFICATION
Synthetic Turf	\$ 40,000	\$ 100,000	Funds ran out in FY 15/16
HET - Toilet	\$ 25,000	\$ 50,000	Focus on Apartments/Offices
Washing Machine	\$ 10,000	\$ 25,000	Focus on Apartments/Offices
Lawn -Be-Gone	\$ 40,000	\$ 100,000	Funds ran out in FY 15/16
Large Landscape Program	\$ 60,000	\$ 75,000	Focus on increasing participation
Resource Action Program - Schools	\$ 13,750	\$ 13,750	No change
Earthcapades - Schools	\$ 7,500	\$ 7,500	No Change
Tuolumne River Trust - Education	\$ 1,200	\$ 1,200	No change
Part Time Intern (Civic Spark)	-	\$ 12,000	Addition in FY 15/16 proved valuable
Misc.	\$ 2,500	\$ 5,000	Unknown programs
Totals	\$ 199,950	\$ 389,450	

Table 2

Rate Survey

A survey of communities along the San Francisco Peninsula was conducted to compare the District's typical residential monthly bill with the neighboring communities. The results of the survey are summarized in the comparison chart attached to this report (Attachment – Water Rate Survey Comparison Chart). The survey indicates the District's wastewater rates remain among the lowest on the Peninsula. The proposed monthly wastewater charge for a single family residential unit would be increased from

to \$51.65 to \$56.65, while the average monthly rate for the agencies surveyed is \$64.16.

POLICY DIRECTION

Staff seeks Board direction on the following policy issues:

1. Water Rate Model

- a. Authorization to proceed with the water rate increase assumptions that reflect an increase of 9.67% for residential customers and a 13% increase for fire line and commercial customers, or as otherwise directed by the Board.

2. Pension liability recognition

- a. Authorization to proceed with the strategy developed by BWA to address the water fund pension liability through incremental rate increases over a five-year period, or as otherwise directed by the Board.

3. Water Sustainability Fund Rebate Programs

- a. Authorization to continue and increase the Water Sustainability Fund budget from \$200,000 to a \$400,000 for FY 2016 – 2017 to continue to support water conservation, or as otherwise directed by the Board.

PROPOSITION 218 NOTIFICATION

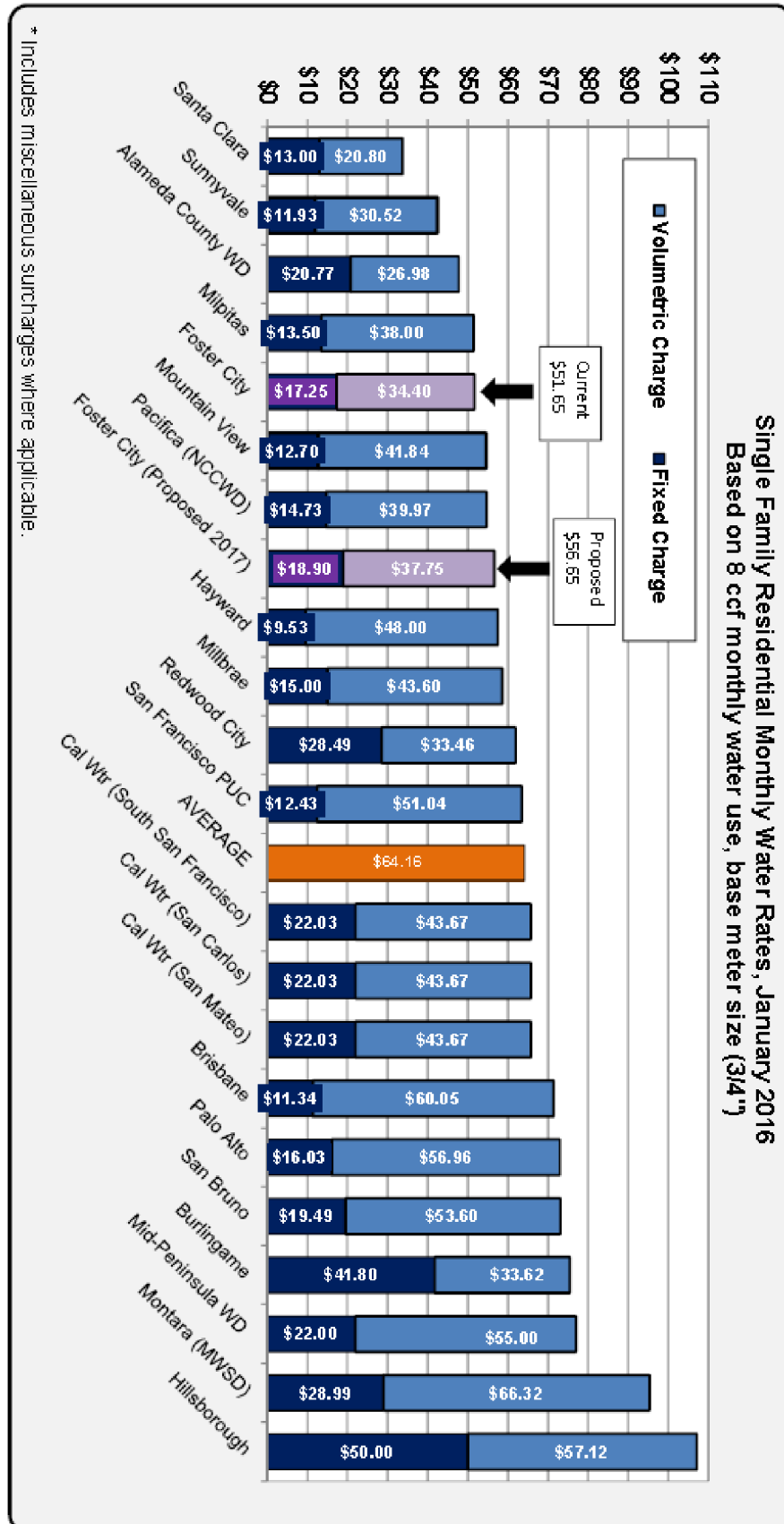
Per the requirements under Proposition 218, all ratepayers will receive a notice on or before April 11, 2016, based upon the District Board's policy direction this evening. Due to the complexity of the rate model changes being recommended, a user-friendly notice will continue to be prepared that still meets the Proposition 218 noticing requirements. A public hearing will be held and the rates adopted on June 6, 2016. The rates will go into effect on July 1, 2016.

It should be noted that between the notification date and the public hearing date, the District Board will receive the FY 2016-2017 Preliminary Annual Budget and 5-Year Financial Plan. Any adjustments that occur based upon District Board direction at the Budget Study Session will be incorporated into an updated rate model at the time of the public hearing. However, it is the opinion of staff that conservative assumptions have been employed in the creation of the attached rate models. Accordingly, staff believes that the rates proposed herein are the maximum rates that would be recommended for FY 2016-2017. At the public hearing, the District Board would have the option of reducing rates lower than what was noticed to rate payers under Proposition 218 if budgetary estimates change, but it could not increase the rates above what was noticed.

Attachments:

FY 2016-2017 Water Rate Survey Comparison Chart
Bartle Wells Associates Water and Wastewater Rate Study Data

FY 2016-2017 WATER RATE SURVEY COMPARISON CHART



Foster City/Estero Municipal Improvement District 2016 Rate Study

**Draft Water Tables
March 2, 2016**



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1
City of Foster City / Estero Municipal Improvement District
Water Enterprise Operating Reserves

Fund Reserve Component	July 1, 2015
	Beginning Cash Balance
Reserved for Maintenance & Operation (402)	<u>\$454,739</u>
Total	\$454,739

Note: Rate model only includes fund reserve components available to fund ongoing operating expenditures.

Source: City of Foster City/Estero Municipal Improvement District CAFR, FY 2014/15

Table 2
City of Foster City / Estero Municipal Improvement District
Current Rates

Current Rates		2016
Fixed Meter Charge		
Monthly Meter Charge		
<u>Meter Size</u>		
3/4"		\$17.25
1"		28.75
1-1/2"		69.00
2"		92.00
3"		201.25
4"		362.25
6"		805.00
8"		1,380.00
Bi-Monthly Water Consumption Tiers and Rates		
<u>Single Family Residential</u>		
Tier 1	0-20 per ccf	\$4.30
Tier 2	Over 20 ccf	4.64
<u>Multi-Family Residential</u>		
Tier 1	0-10 ccf per living unit	\$4.30
Tier 2	Over 10 ccf per living unit	4.67
<u>Irrigation Customes</u>		
Tier 1	<=100% of annual budget	\$4.30
Tier 2	>100% of annual budget	5.65
<u>Commercial and Fire Line</u>		
All usage		\$4.40
Monthly Private Fire Protection Charge		
% of Water Meter Charge		
<u>Meter Size</u>		
3/4"		\$24.15
1"		24.15
1-1/2"		24.15
2"		32.20
3"		70.45
4"		126.80
6"		281.75
8"		483.00

Table 3
City of Foster City / Estero Municipal Improvement District
Water Meters By Size

Data as of: 12/07/15

Meter Size	Accounts	Meter Ratio ^{1,2}	Est. Meter Equivalents ³
Water Service			
3/4"	6,807	1.00	6,807
1"	411	1.67	685
1-1/2"	161	4.00	644
2"	377	5.33	2,011
3"	79	11.67	922
4"	50	21.00	1,050
6"	26	46.67	1,213
8"	15	80.00	1,200
Subtotal	7,926		14,532
Private Fire Protection Service			
3/4"	2	1.40	3
1"	7	1.40	10
1-1/2"	3	1.40	4
2"	0	1.87	0
3"	2	4.08	8
4"	27	7.35	198
6"	95	16.33	1,551
8"	65	28.00	1,820
Subtotal	201		3,595
Total	8,127		18,127

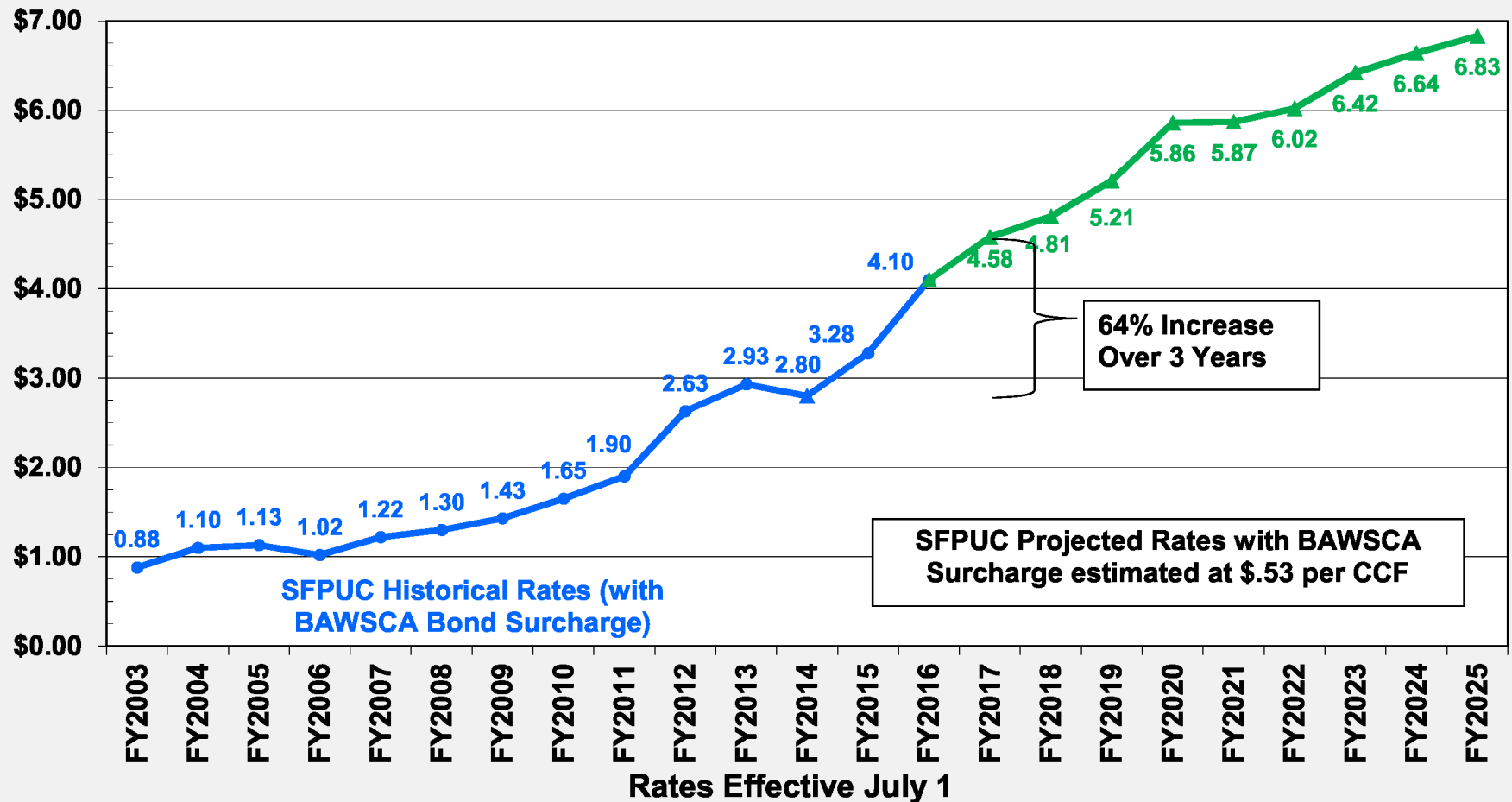
Source: Foster City/Estero Municipal Improvement District water use records

[1] The meter ratios shall be based on meter size in compliance with ratios established by the American Water Works Association (AWWA) Sizing Water Service Lines and Meters M22, Second Edition, 2004 (M22 Manual)

[2] Private fire protection service ratio based on the fire service line; Resolution No. 2715

[3] Equals the number of accounts multiplied by the meter ratio for each meter size.

SFPUC Wholesale Water Rates (\$ per ccf)



SFPUC wholesale rate projections as of December 2016 BAWSCA Bond Surcharge estimated at \$.53 per ccf as of February 2016 for Foster City/EMID;BAWSCA repayment began in FY2014

Table 4
City of Foster City / Estero Municipal Improvement District
Water Enterprise O&M Projection

Expenditures	Five Year Projection (Prop 218)						Annual % Increase [1]
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	
Employee Services	1,640,647	1,747,009	1,799,419	1,853,402	1,909,004	1,966,274	3.0%
Internal Services - Others	477,547	503,761	516,355	529,264	542,496	556,058	2.5%
Internal Services - ERF	273,440	281,643	288,684	295,901	303,299	310,881	2.5%
Services & Supplies	448,550	536,000	549,400	563,135	577,213	591,644	2.5%
SFPUC Water Purchases [2]	6,070,433	6,723,000	7,190,000	7,953,000	9,158,000	9,288,000	varies
BAWSCA Bond Repayment	647,666	859,152	900,000	900,000	900,000	900,000	
Reallocation	884,323	910,853	933,624	956,965	980,889	1,005,411	2.5%
Capital Outlay	35,000	-	-	-	-	-	2.5%
TOTAL O&M Expenditures	10,477,606	11,561,418	12,177,483	13,051,667	14,370,901	14,618,268	
		10.3%	5.3%	7.2%	10.1%	1.7%	

[1] Based on City/District Staff direction

[2] Updated based on BWA's water use projections (Table 6 & Table 8)

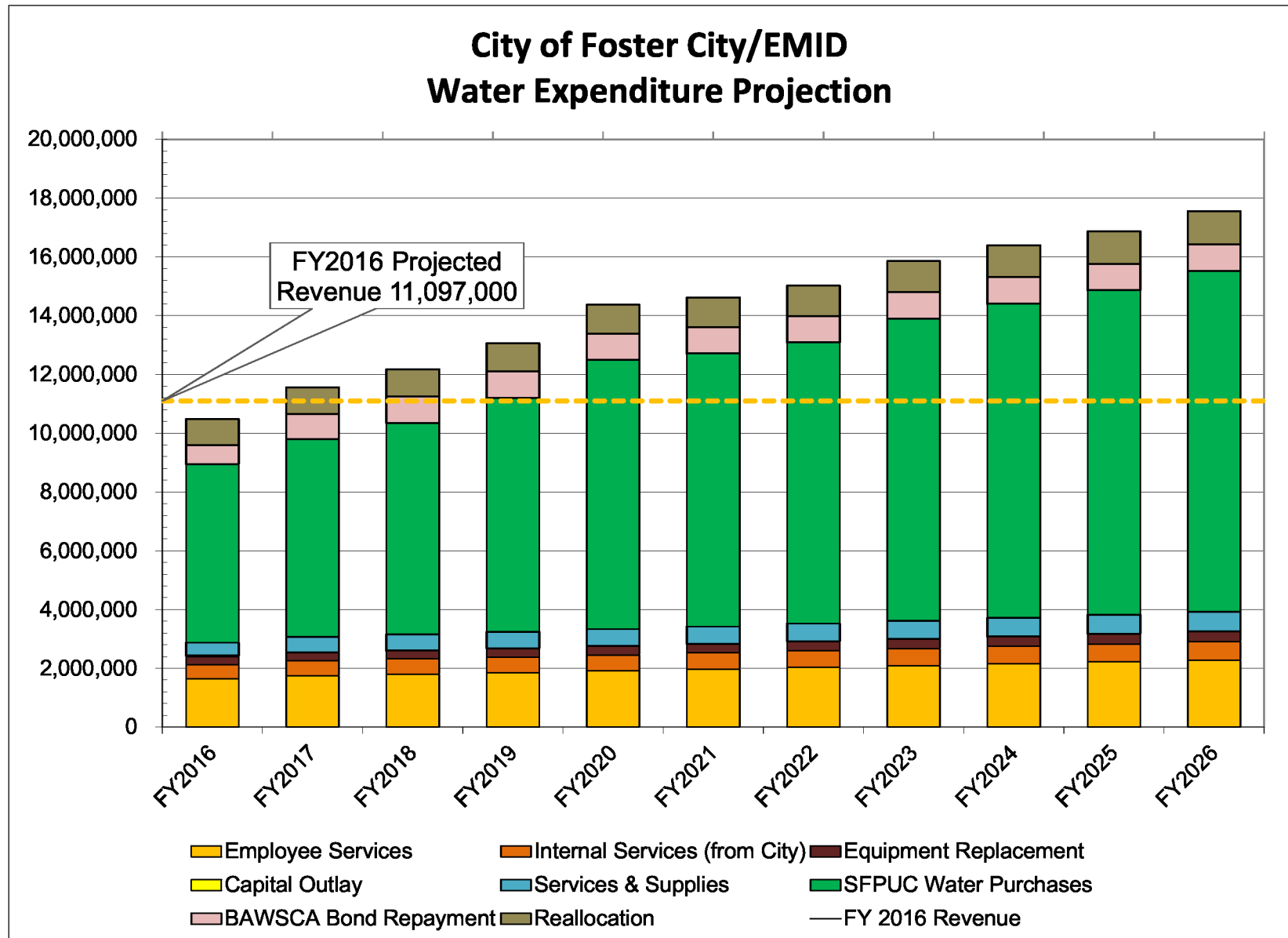


Table 5

City of Foster City / Estero Municipal Improvement District

Water Enterprise Cash Flow Projection - Residential Two Tier Rate Structure Hybrid Model

TWO TIER HYBRID MODEL											
		Five Year Projection					Extended Year Projection				
Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Assumptions:											
Interest Earnings Rate		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Revenue Increase from Growth [1]		1.28%	1.26%	1.25%	1.23%	1.22%	0.25%	0.25%	0.25%	0.25%	0.25%
Fixed Charge	\$17.25	\$18.90	\$19.45	\$20.25	\$20.55	\$20.95	\$21.40	\$21.95	\$22.50	\$23.05	\$23.55
Fixed Rate Adjustment		9.57%	2.91%	4.11%	1.48%	1.95%	2%	3%	3%	2%	2%
SFR Variable Charge	\$4.30	4.72	4.97	5.37	6.03	6.03	6.18	6.59	6.81	7.00	7.31
Variable Rate Adjustment		9.7%	5.3%	8.0%	12.3%	0.0%	2.5%	6.6%	3.3%	2.8%	4.4%
Monthly Service Charge Single Family (8 ccf)	\$51.65	\$56.65	\$59.21	\$63.21	\$68.79	\$69.19	\$70.84	\$74.67	\$76.98	\$79.05	\$82.03
Rate Adjustment		9.7%	4.5%	6.8%	8.8%	0.6%	2.4%	5.4%	3.1%	2.7%	3.8%
Beginning Fund Balance	\$454,739	\$669,000	\$886,200	\$1,089,400	\$1,299,700	\$1,524,800	\$1,776,500	\$2,012,500	\$2,264,500	\$2,521,500	\$2,780,500
Revenues											
Water Sales & Service Charges											
Meter Charge Revenue Estimate	3,753,000	4,165,000	4,340,000	4,574,000	4,699,000	4,849,000	4,966,000	5,106,000	5,247,000	5,389,000	5,519,000
Volumetric Revenue Estimate	6,980,000	7,985,000	8,489,000	9,249,000	10,463,000	10,592,000	10,864,000	11,584,000	11,986,000	12,337,000	12,892,000
Connection Fees [1]	278,000	180,594	107,634	0	0	0	0	0	0	0	0
Interest Earnings - Operating Reserve [2]	34,000	7,000	9,000	11,000	13,000	15,000	18,000	20,000	23,000	25,000	28,000
Interest Earnings - Capital Improvement Fund [3]	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Other	0	0	0	0	0	0	0	0	0	0	0
Operating Revenues	11,097,000	12,389,594	12,997,634	13,866,000	15,227,000	15,508,000	15,900,000	16,762,000	17,308,000	17,803,000	18,491,000
Expenses											
Employee Services	1,640,647	1,747,009	1,799,419	1,853,402	1,909,004	1,966,274	2,025,000	2,086,000	2,149,000	2,213,000	2,279,000
Internal Services - Others	477,547	503,761	516,355	529,264	542,496	556,058	570,000	584,000	599,000	614,000	629,000
Internal Services - ERF	273,440	281,643	288,684	295,901	303,299	310,881	319,000	327,000	335,000	343,000	352,000
Services & Supplies	448,550	536,000	549,400	563,135	577,213	591,644	606,000	621,000	637,000	653,000	669,000
SFPUC Water Purchases	6,070,433	6,723,000	7,190,000	7,953,000	9,158,000	9,288,000	9,568,000	10,283,000	10,688,000	11,043,000	11,592,000
BAWSCA Bond Repayment	647,666	859,152	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Reallocation	884,323	910,853	933,624	956,965	980,889	1,005,411	1,031,000	1,057,000	1,083,000	1,110,000	1,138,000
Capital Outlay	35,000	0	0	0	0	0	0	0	0	0	0
Operating Expenses	10,477,606	11,561,418	12,177,483	13,051,667	14,370,901	14,618,268	15,019,000	15,858,000	16,391,000	16,876,000	17,559,000
Operating Net Revenues	619,394	828,176	820,151	834,333	856,099	889,732	881,000	904,000	917,000	927,000	932,000
Water Sustainability Fund Transfer	200,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Capital Improvement Transfer [4]	205,000	211,000	217,000	224,000	231,000	238,000	245,000	252,000	260,000	268,000	276,000
Total Expenses	10,882,606	12,172,418	12,794,483	13,675,667	15,001,901	15,256,268	15,664,000	16,510,000	17,051,000	17,544,000	18,235,000
Revenues Less O&M Expenses	619,394	828,176	820,151	834,333	856,099	889,732	881,000	904,000	917,000	927,000	932,000
Revenues Less Total Expenses	214,394	217,176	203,151	210,333	225,099	251,732	236,000	252,000	257,000	259,000	256,000
Ending Fund Balance	669,133	886,176	1,089,351	1,299,733	1,524,799	1,776,532	2,012,500	2,264,500	2,521,500	2,780,500	3,036,500
Revenue Test: Annual Revenues > O&M Expenses											
Annual Revenues Less O&M Expenses	619,394	828,176	820,151	834,333	856,099	889,732	881,000	904,000	917,000	927,000	932,000
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses											
Year-end fund balance	669,133	886,176	1,089,351	1,299,733	1,524,799	1,776,532	2,012,500	2,264,500	2,521,500	2,780,500	3,036,500
25% operating expenses	2,620,000	2,890,000	3,040,000	3,260,000	3,590,000	3,655,000	3,750,000	3,960,000	4,100,000	4,220,000	4,390,000
# of Days O&M in Reserves	23	28	33	36	39	44	49	52	56	60	63
Pass/fail	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL	FAIL

[1] Based on CDD and City of Foster City/EMID estimates

[2] Calculated as 1% of the Beginning Fund Balance of the Water Revenue Fund

[3] Calculated as 1% of the Beginning Fund Balance of the Water Capital Improvement Project Fund

[4] Capital Improvements are funded through the Long-Term Capital Improvement Project Fund. Transfer outs are escalated at 3% per year.

Table 6
City of Foster City / Estero Municipal Improvement District
Water Rate Calculation - Two Tier Hybrid Model

TWO TIER HYBRID MODEL											
Fiscal Year Ending June 30	Five Year Projection						Extended Year Projection				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fixed Meter Charge Increase		9.50%	3.00%	4.00%	1.50%	2.00%	2.25%	2.5%	2.5%	2.5%	2.3%
Fixed Revenues +/- 5% of Fixed Costs?		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Reserves % Above (Below) Reserve Target		30.7%	35.8%	39.9%	42.5%	48.6%	53.7%	57.2%	61.5%	65.9%	69.2%
Reserve Target Met?		NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Revenue Estimates											
Meter Charge Revenue	\$ 3,753,000	\$ 4,165,000	\$ 4,340,000	\$ 4,574,000	\$ 4,699,000	\$ 4,849,000	\$ 4,966,000	\$ 5,106,000	\$ 5,247,000	\$ 5,389,000	\$ 5,519,000
Other Fixed Revenue	\$ 364,000	\$ 239,594	\$ 168,634	\$ 63,000	\$ 65,000	\$ 67,000	\$ 70,000	\$ 72,000	\$ 75,000	\$ 77,000	\$ 80,000
Volumetric Revenue	\$ 6,980,000	\$ 7,987,000	\$ 8,482,000	\$ 9,245,000	\$ 10,465,000	\$ 10,596,000	\$ 10,869,000	\$ 11,591,000	\$ 11,992,000	\$ 12,344,000	\$ 12,886,000
Total Projected	\$ 11,097,000	\$ 12,391,594	\$ 12,990,634	\$ 13,882,000	\$ 15,229,000	\$ 15,512,000	\$ 15,905,000	\$ 16,769,000	\$ 17,314,000	\$ 17,810,000	\$ 18,485,000
Total Projected Revenue (Rounded '000's)	\$ 11,097,000	\$ 12,392,000	\$ 12,991,000	\$ 13,882,000	\$ 15,229,000	\$ 15,512,000	\$ 15,905,000	\$ 16,769,000	\$ 17,314,000	\$ 17,810,000	\$ 18,485,000
	\$11,097,000	\$12,389,594	\$12,997,634	\$13,886,000	\$15,227,000	\$15,508,000	\$15,900,000	\$16,762,000	\$17,308,000	\$17,803,000	\$18,491,000
Revenue Allocation											
Fixed	37.1%	35.5%	34.7%	33.4%	31.3%	31.7%	31.7%	30.9%	30.7%	30.7%	30.3%
Variable	62.9%	64.5%	65.3%	66.6%	68.7%	68.3%	68.3%	69.1%	69.3%	69.3%	69.7%
Costs Estimates											
Fixed Costs [1]	\$4,164,507	\$4,390,266	\$4,510,483	\$4,634,867	\$4,762,501	\$4,893,468	\$5,028,000	\$5,166,000	\$5,309,200	\$5,454,600	\$5,604,200
Variable Costs [2]	\$6,918,099	\$7,982,152	\$8,490,000	\$9,253,000	\$10,458,000	\$10,588,000	\$10,868,000	\$11,583,000	\$11,988,000	\$12,343,000	\$12,892,000
Total Projected Costs	\$11,082,606	\$12,372,418	\$13,000,483	\$13,887,867	\$15,220,501	\$15,481,468	\$15,896,000	\$16,749,000	\$17,297,200	\$17,797,600	\$18,496,200
Cost Analysis											
Fixed	37.6%	35.5%	34.7%	33.4%	31.3%	31.6%	31.6%	30.8%	30.7%	30.6%	30.3%
Variable	62.4%	64.5%	65.3%	66.6%	68.7%	68.4%	68.4%	69.2%	69.3%	69.4%	69.7%
Meter Charge Calculation											
Monthly charge per meter equivalent (Rounded to nearest \$0.05)	\$ 17.25	\$ 18.90	\$ 19.45	\$ 20.25	\$ 20.55	\$ 20.95	\$ 21.40	\$ 21.95	\$ 22.50	\$ 23.05	\$ 23.55
Annual charge per meter equivalent	\$ 207.00	\$ 226.80	\$ 233.40	\$ 243.00	\$ 246.60	\$ 251.40	\$ 256.80	\$ 263.40	\$ 270.00	\$ 276.60	\$ 282.60
Meter equivalents [3]	18,130	18,362	18,593	18,825	19,057	19,289	19,337	19,385	19,433	19,482	19,531
Meter Charge Revenue Estimate	\$ 3,753,000	\$ 4,165,000	\$ 4,340,000	\$ 4,574,000	\$ 4,699,000	\$ 4,849,000	\$ 4,966,000	\$ 5,106,000	\$ 5,247,000	\$ 5,389,000	\$ 5,519,000
Volumetric Rate Calculation											
EMID Proposed Uniform Rate	\$4.40	\$ 4.97	\$ 5.21	\$ 5.81	\$ 6.27	\$ 6.27	\$ 6.42	\$ 6.83	\$ 7.05	\$ 7.24	\$ 7.54
Projected annual water sales (ccf) [4]	1,586,407	1,607,000	1,628,000	1,648,000	1,669,000	1,690,000	1,693,000	1,697,000	1,701,000	1,705,000	1,709,000
Variable revenue estimate	\$6,980,000	\$7,987,000	\$8,482,000	\$9,245,000	\$10,465,000	\$10,596,000	\$10,869,000	\$11,591,000	\$11,992,000	\$12,344,000	\$12,886,000
% Spread between EMID and SFPUC Surcharge											
		22.7%	21.7%	19.9%	17.6%	17.4%	16.9%	16.0%	15.4%	14.9%	14.2%
SFPUC PROJECTED RATES	\$3.75	\$4.05	\$4.28	\$4.68	\$5.33	\$5.34	\$5.49	\$5.89	\$6.11	\$6.30	\$6.60
Increase (Decrease) %		8.0%	5.7%	9.3%	13.9%	0.2%	2.8%	7.3%	3.7%	3.1%	4.8%
BAWSCA Surcharge	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53
SFPUC Rate + BAWSCA Surcharge	\$4.28	\$4.58	\$4.81	\$5.21	\$5.86	\$5.87	\$6.02	\$6.42	\$6.64	\$6.83	\$7.13
EMID Fixed Meter Charge Increase (Decrease)		9.6%	2.9%	4.1%	1.5%	1.9%	2.1%	2.6%	2.5%	2.4%	2.2%
EMID Volumetric Rate Increase (Decrease)		13.0%	4.8%	7.7%	11.8%	0.0%	2.4%	6.4%	3.2%	2.7%	4.1%

Note:

[1] Includes: Employee Services, Internal Services - Other, Internal Services - ERF, Services & Supplies, Reallocation, Capital Outlay, Capital Improvement Fund Transfers, and \$200,000 of net revenues for the operating fund.

[2] Includes: SFPUC Water Purchases, BAWSCA Bond Repayment, and Water Sustainability Fund Transfers.

[3] Household growth based on projections from the CDD.

[4] Includes 2% water loss factor

Table 7
City of Foster City / Estero Municipal Improvement District
Water Consumption by Class

Water Consumption										FY 2014 to				
	Bi-Monthly	FY2014				FY2015				FY 2015	FY2016 - First 5 Months			
Customer Category	Breakpoints (CCF)	Number of Bills	Percent	CCF	Percent	Number of Bills	Percent	CCF	Percent	Reduction %	Number of Bills	Percent	CCF	Percent
RESIDENTIAL														
Single Family Residential														
Tier 1 Usage	0 to 10	5,120	19%	259,054	43%	7,168	26%	250,559	50%		5,552	49%	141,355	74%
Tier 2 Usage	11 to 20	9,868	36%	177,847	29%	11,011	40%	145,839	29%		4,030	36%	39,235	21%
Tier 3 Usage	21 and over	12,493	45%	166,474	28%	9,114	33%	100,447	20%		1,656	15%	9,738	5%
Subtotal		27,481	100%	603,375	100%	27,293	100%	496,844	100%	-18%	11,238	100%	190,328	100%
Multi-Family Residential														
Tier 1 Usage	0 to 5	2,853	19%	291,589	41%	3,053	20%	293,603	44%		2,975	44%	192,397	70%
Tier 2 Usage	6 to 10	5,291	35%	231,715	33%	6,023	39%	231,519	35%		2,479	37%	66,754	24%
Tier 3 Usage	11 and over	7,062	46%	180,447	26%	6,199	41%	136,179	21%		1,264	19%	14,396	5%
Subtotal		15,206	100%	703,751	100%	15,275	100%	661,301	100%	-6%	6,718	100%	273,547	100%
NON-RESIDENTIAL														
Commercial	All usage	1,563		284,018		1,523		268,786		-5%	582		108,432	
Fire Line	All usage	983		162		948		389			359		122	
Irrigation														
Tier 1	<=100% of budget	94	44%	450,283	86%			397,470	91%					
Tier 2	>100% of budget	121	56%	73,237	14%			41,571	9%					
		215	100%	523,520	100%	299	100%	439,041	100%	-16%	2,164		242,589	
Total Consumption				2,114,826				1,866,361		-12%			815,018	

Table 8
City of Foster City / Estero Municipal Improvement District
Water Consumption Comparison - FY 2015 to FY 2016

FY 2015						
Consumption (hcf)						
	14-07	14-08	14-09	14-10	14-11	Grand Total
Sum of Charged Consumption	200,273	227,592	200,394	197,709	155,732	981,700
FY 2016						
Consumption (hcf)						
	15-07	15-08	15-09	15-10	15-11	Grand Total
Sum of Charged Consumption	152,399	181,694	161,537	182,099	137,289	815,018

Reduction	-24%	-20%	-19%	-8%	-12%	Projected Annual Reduction	-15%
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FY 2015 Total Consumption (hcf) 1,866,361

Projected FY 2016 Total
Consumption (15% reduction) 1,586,407

Reduction from FY 2014 -25%

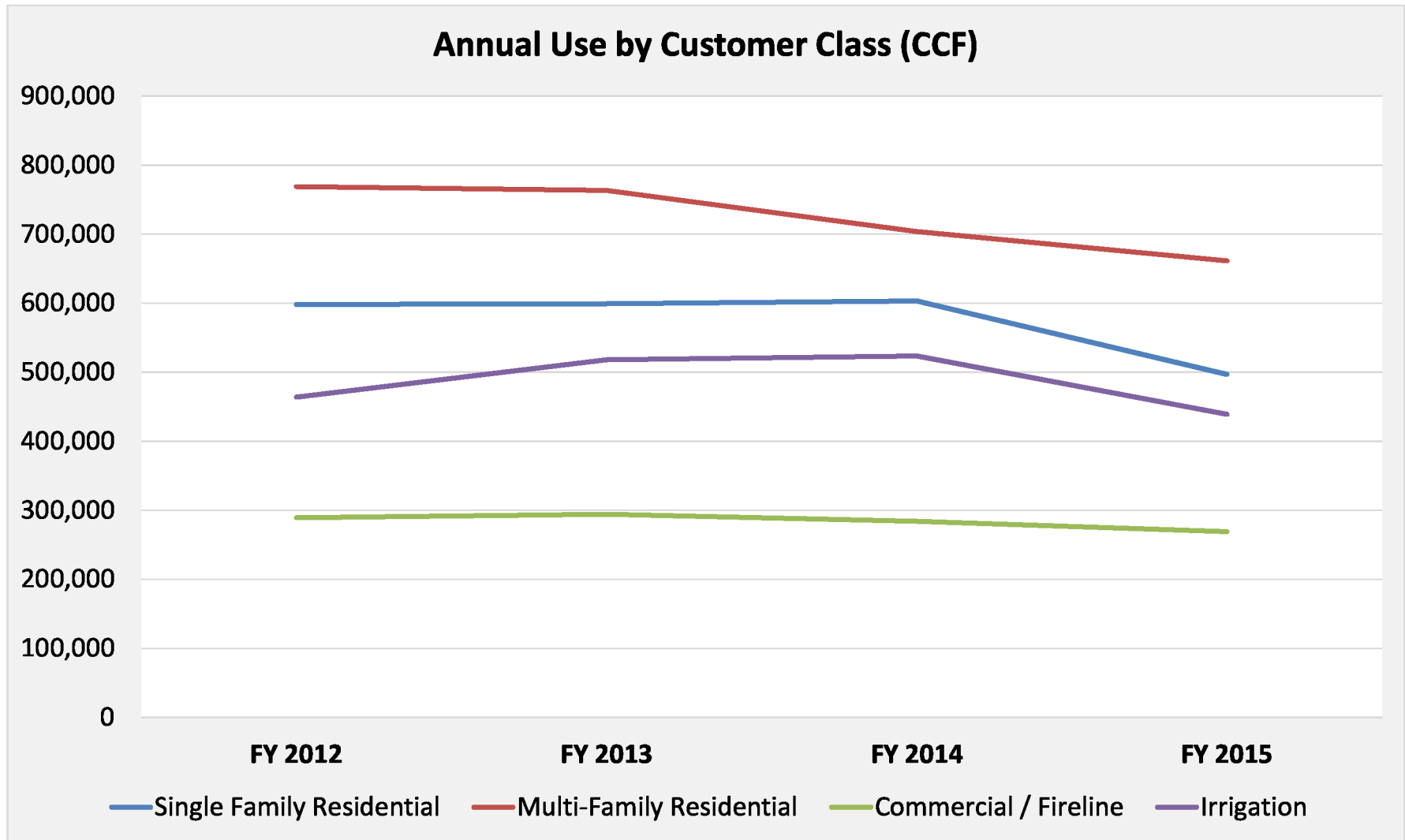


Table 9
City of Foster City / Estero Municipal Improvement District
Uniform Rate Structure - Raw Rate Calculation

Uniform Rate Structure															
	FY2017			FY2018			FY2019			FY2020			FY2021		
		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)
	Total Cost			Total Cost			Total Cost			Total Cost			Total Cost		
Uniform Tier Structure - All Tiers															
SFPUC Water Purchases	6,723,000			7,190,000			7,953,000			9,158,000			9,288,000		
BAWSCA Bond Surcharge	859,152			900,000			900,000			900,000			900,000		
Water Sustainability Fund	400,000			400,000			400,000			400,000			400,000		
	7,982,152	1,607,000	4.97	8,490,000	1,628,000	5.21	9,253,000	1,648,000	5.61	10,458,000	1,669,000	6.27	10,588,000	1,690,000	6.27
	FY2022			FY2023			FY2024			FY2025			FY2026		
		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)		Total Water Sales	Unit Cost (CCF)
	Total Cost			Total Cost			Total Cost			Total Cost			Total Cost		
Uniform Tier Structure - All Tiers															
SFPUC Water Purchases	9,568,000			10,283,000			10,688,000			11,043,000			11,592,000		
BAWSCA Bond Surcharge	900,000			900,000			900,000			900,000			900,000		
Water Sustainability Fund	400,000			400,000			400,000			400,000			400,000		
	10,868,000	1,693,000	6.42	11,583,000	1,697,000	6.83	11,988,000	1,701,000	7.05	12,343,000	1,705,000	7.24	12,892,000	1,709,000	7.54

Table 10
City of Foster City / Estero Municipal Improvement District
Two Tier Conservation Based Rate Structure - Raw Rate Calculation

FY2017			Volumetric Water Costs	
Class	Usage per class	% of total usage	Base Charge Costs	Conservation Charge Costs
SFR	427,800	27%	\$ 2,124,929.22	\$ 106,484.03
MFR	569,402	35%	\$ 2,828,286.38	\$ 141,730.52
Commercial	231,434	14%	\$ 1,149,558.47	\$ 57,606.44
Fire Line	335	0%	\$ 1,663.70	\$ 83.37
Irrigation	378,029	24%	\$ 1,877,714.23	\$ 94,095.64
	1,607,000.00	100%	\$ 7,982,152.00	\$ 400,000.00

Class	Tier 1 Rate	Net Basic Cost Allocation	Over Water Allotment	Conservation Charge (Tier 2)	Tier 2 Rate
SFR	4.72	\$ 2,018,445.20	86,488.05	1.23	5.95
MFR	4.72	\$ 2,686,555.86	117,254.48	1.21	5.93
Commercial	4.97	\$ 1,149,558.47	~		
Fire Line	4.97	\$ 1,663.70	N/A		
Irrigation	4.72	\$ 1,783,618.60	35,794.04	2.63	7.35
		\$ 7,639,841.81			

Table 11

City of Foster City / Estero Municipal Improvement District
Proposed Water Rates - Two Tier Hybrid Model

		TWO TIER HYBRID MODEL									
	Current Rates	Proposed Rates Two Tier FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Monthly Meter Charge											
3/4"	\$17.25	\$18.90	\$19.45	\$20.25	\$20.55	\$20.95	\$21.40	\$21.95	\$22.50	\$23.05	\$23.55
1"	28.75	31.50	32.42	33.75	34.25	34.92	35.67	36.58	37.50	38.42	39.25
1-1/2"	69.00	75.60	77.80	81.00	82.20	83.80	85.60	87.80	90.00	92.20	94.20
2"	92.00	100.80	103.73	108.00	109.60	111.73	114.13	117.07	120.00	122.93	125.60
3"	201.25	220.50	226.92	236.25	239.75	244.42	249.67	256.08	262.50	268.92	274.75
4"	362.25	396.90	408.45	425.25	431.55	439.95	449.40	460.95	472.50	484.05	494.55
6"	805.00	882.00	907.67	945.00	959.00	977.67	998.67	1,024.33	1,050.00	1,075.67	1,099.00
8"	1,380.00	1,512.00	1,556.00	1,620.00	1,644.00	1,676.00	1,712.00	1,756.00	1,800.00	1,844.00	1,884.00
Conservation-Based Water Rate Model (based on bi-monthly allotments)											
Single Family Residential											
Tier 1 0-20 per ccf	4.30	4.72	4.97	5.37	6.03	6.03	6.18	6.59	6.81	7.00	7.31
Tier 2 Over 20 ccf	4.64	5.95	6.18	6.57	7.21	7.20	7.35	7.76	7.98	8.17	8.47
Multi-Family Residential (per living unit)											
Tier 1 0-10 ccf per living unit	4.30	4.72	4.97	5.37	6.03	6.03	6.18	6.59	6.81	7.00	7.31
Tier 2 Over 10 ccf per living unit	4.67	5.93	6.16	6.55	7.19	7.18	7.33	7.73	7.95	8.14	8.45
Irrigation Customers											
Tier 1 <=100% of annual budget	4.30	4.72	4.97	5.37	6.03	6.03	6.18	6.59	6.81	7.00	7.31
Tier 2 >100% of annual budget	5.65	7.35	7.56	7.94	8.56	8.53	8.68	9.08	9.30	9.48	9.78
Commercial and Fire Line Customers											
Base Consumption Rate	4.40	4.97	5.21	5.61	6.27	6.27	6.42	6.83	7.05	7.24	7.54
Monthly Fire Meter Charge											
3/4"	24.15	26.46	27.23	28.35	28.77	29.33	29.96	30.73	31.50	32.27	32.97
1"	24.15	26.46	27.23	28.35	28.77	29.33	29.96	30.73	31.50	32.27	32.97
1-1/2"	24.15	26.46	27.23	28.35	28.77	29.33	29.96	30.73	31.50	32.27	32.97
2"	32.20	35.34	36.37	37.87	38.43	39.18	40.02	41.05	42.08	43.10	44.04
3"	70.45	77.11	79.36	82.62	83.84	85.48	87.31	89.56	91.80	94.04	96.08
4"	126.80	138.92	142.96	148.84	151.04	153.98	157.29	161.33	165.38	169.42	173.09
6"	281.75	308.64	317.62	330.68	335.58	342.11	349.46	358.44	367.43	376.41	384.57
8"	483.00	529.20	544.60	567.00	575.40	586.60	599.20	614.60	630.00	645.40	659.40
(Minimum charge is equivalent to 1-1/2" meter charge)											

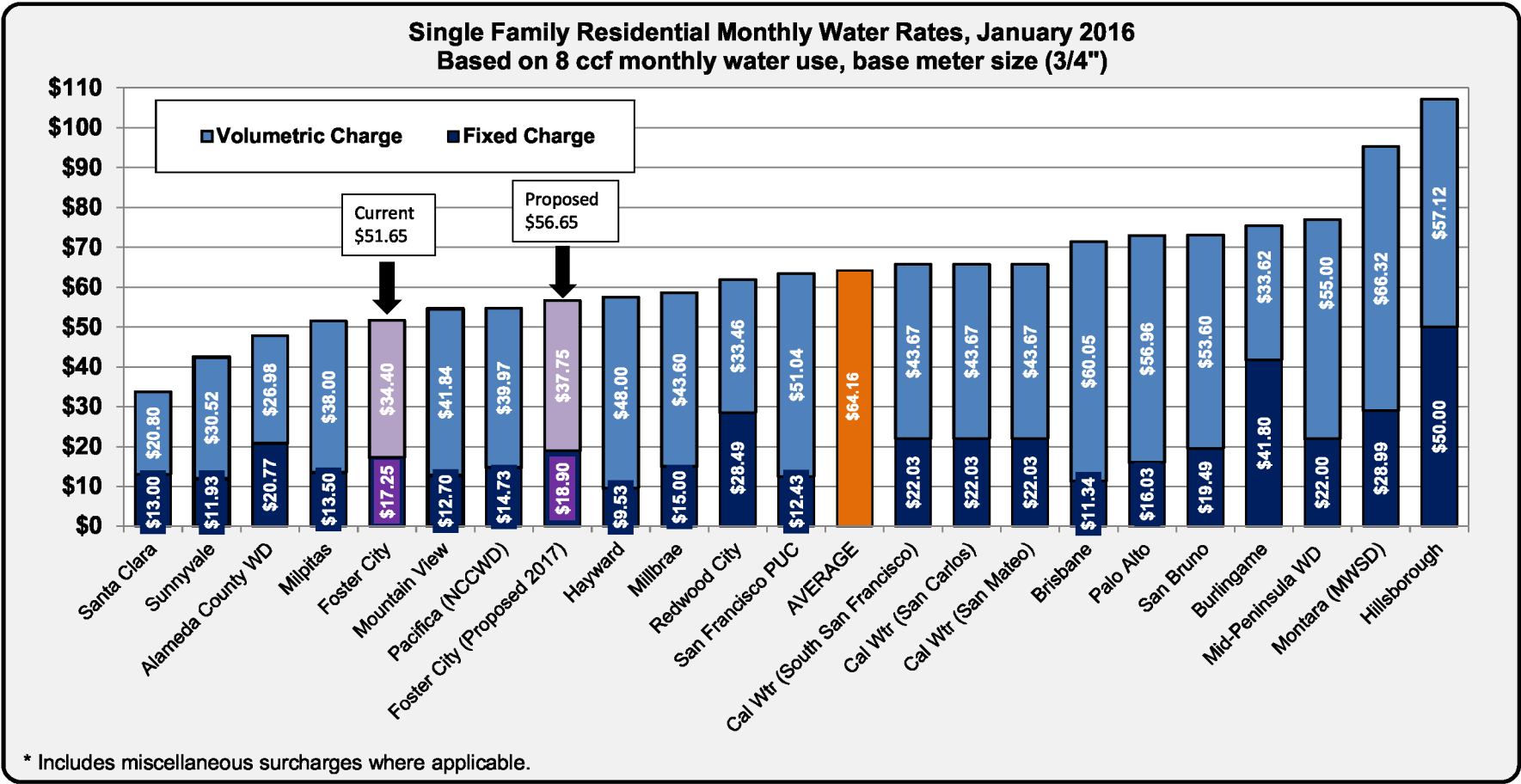
Table 12
Foster City / Estero Municipal Improvement District
Projected Water Rate Impacts

Rate Change Options	Current	Fiscal Year Ending June 30,					Extended Year Projection				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<u>Two Tier Hybrid Model</u>											
Single Family Residential Monthly Rate	\$51.65	\$56.65	\$59.21	\$63.21	\$68.79	\$69.19	\$70.84	\$74.67	\$76.98	\$79.05	\$82.03
\$ Increase		5.00	2.56	4.00	5.58	0.40	1.65	3.83	2.31	2.07	2.98
% Increase		9.7%	4.5%	6.8%	8.8%	0.6%	2.4%	5.4%	3.1%	2.7%	3.8%

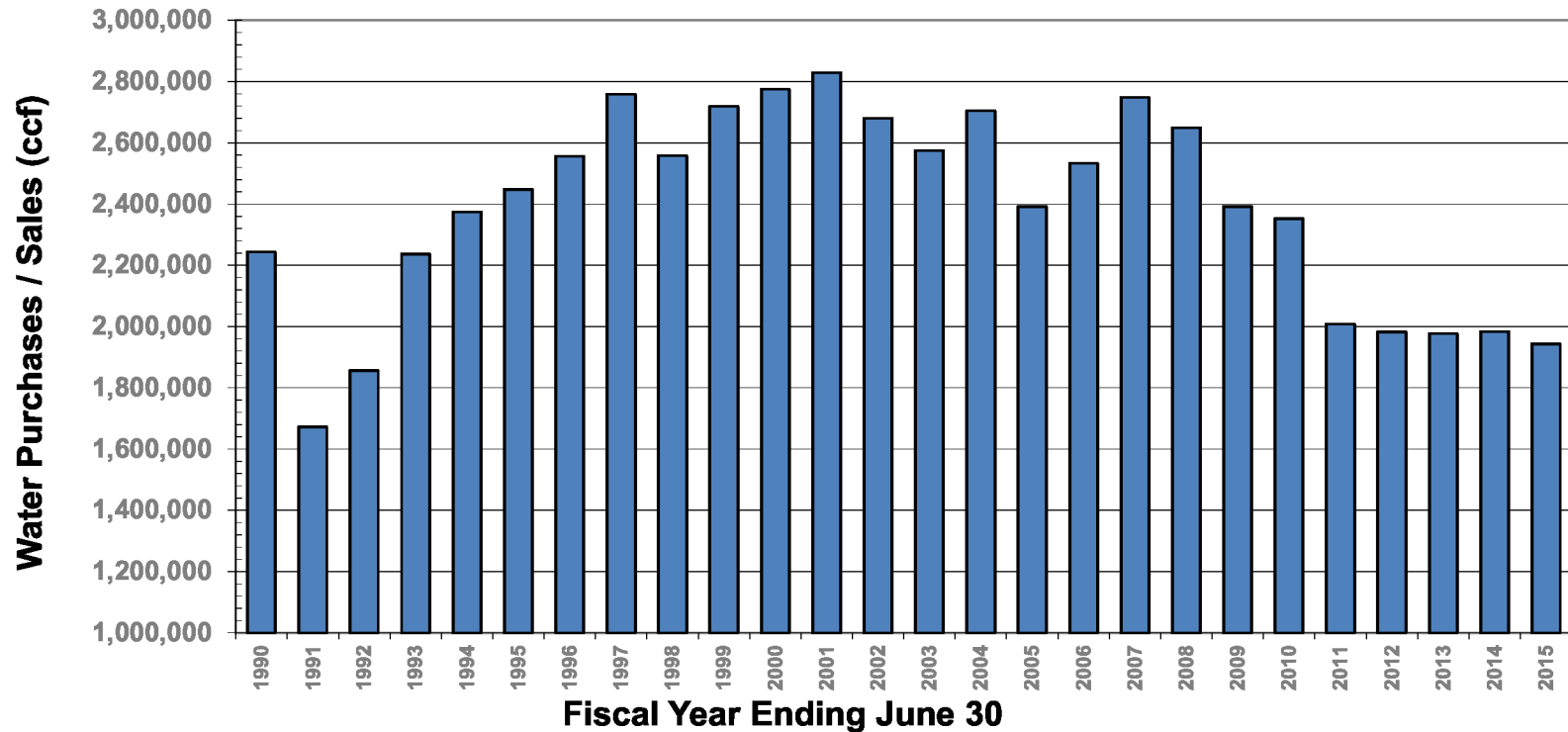
Based on Single Family Residential Use of 8 ccf

Table 13
Foster City / Estero Municipal Improvement District
Projected Water Rate Impacts

		Current	FY2016		FY2017
		Rates	Number of Bills	Percent	Two Tier Hybrid Model
Monthly meter charge		\$17.25			\$18.90
% Change from FY2015					9.6%
Single Family Residential Monthly Tiers					
Tier 1: 0 to 10 ccf		\$4.30	18,179	67%	\$4.72
Tier 2: over 10 ccf		\$4.64	9,114	33%	\$5.95
Total Number of Bills			27,293	100%	
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>				<u>Monthly Bill</u>
Low User	5	\$38.75			\$42.50
\$ Increase					3.75
% Increase					9.7%
FY 2015 Average User	8	\$51.65			\$56.66
\$ Increase					5.01
% Increase					9.7%
FY 2014 Average User	9.5	\$58.10			\$63.74
\$ Increase					5.64
% Increase					9.7%
Med-High User	20	\$106.65			\$125.60
\$ Increase					18.95
% Increase					17.8%
High User	50	\$245.85			\$304.10
\$ Increase					58.25
% Increase					23.7%

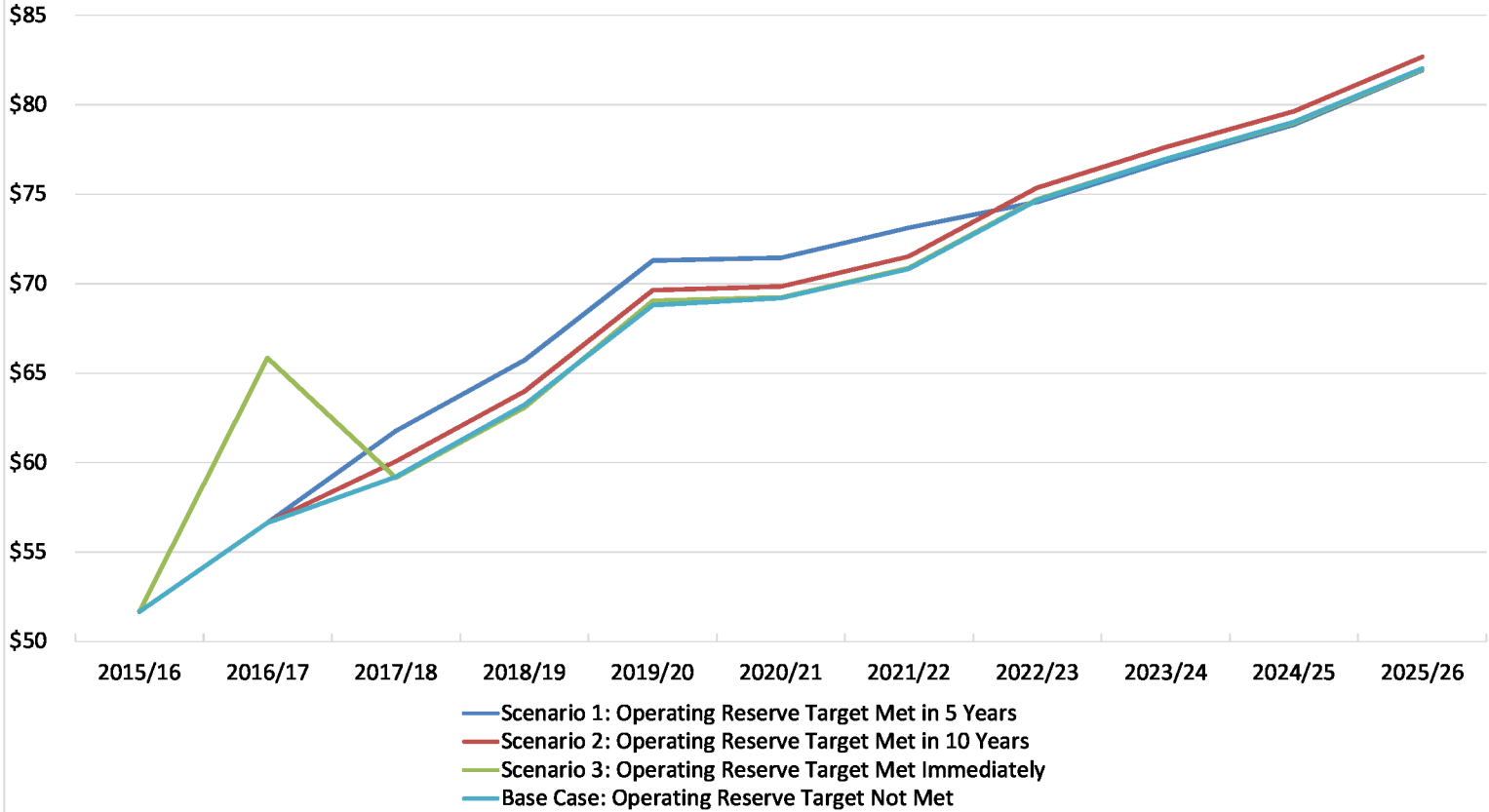


City of Foster City / EMID Historical SFPUC Wholesale Water Purchases



Note: Water purchases are billed by SFPUC monthly.
Water sales are billed by EMID on a bi-monthly, rotating basis.

Pension Liability Scenarios
Single Family Residential Monthly Bill Impacts (8 ccf usage per month & 3/4" meter)



	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Scenario 1: Operating Reserve Target Met in 5 Years	\$51.65	\$56.65	\$61.76	\$65.71	\$71.29	\$71.44	\$73.14	\$74.57	\$76.83	\$78.90	\$81.93
		9.67%	9.03%	6.40%	8.49%	0.21%	2.38%	1.96%	3.03%	2.69%	3.84%
Scenario 2: Operating Reserve Target Met in 10 Years	\$51.65	\$56.65	\$60.06	\$63.96	\$69.64	\$69.84	\$71.54	\$75.37	\$77.63	\$79.65	\$82.68
		9.67%	6.03%	6.49%	8.88%	0.29%	2.43%	5.35%	3.00%	2.60%	3.80%
Scenario 3: Operating Reserve Target Met Immediately	\$51.65	\$65.85	\$59.16	\$63.06	\$69.04	\$69.24	\$70.89	\$74.72	\$76.98	\$79.00	\$81.98
		27.48%	-10.15%	6.59%	9.48%	0.29%	2.38%	5.40%	3.02%	2.62%	3.77%
Base Case: Operating Reserve Target Not Met	\$51.65	\$56.65	\$59.21	\$63.21	\$68.79	\$68.79	\$70.84	\$74.67	\$76.98	\$79.05	\$82.03
		9.67%	4.53%	6.76%	8.83%	0.58%	2.38%	5.41%	3.09%	2.69%	3.77%

Foster City/Estero Municipal Improvement District 2016 Rate Study

**Scenario 1: Pension Liability
Operating Reserve Target Met In 5 Years**



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1
City of Foster City / Estero Municipal Improvement District
Water Enterprise Cash Flow Projection

Scenario 1: Operating Reserve Target Met in 5 Years											
		Five Year Projection					Extended Year Projection				
Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Assumptions:											
Interest Earnings Rate		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Revenue Increase from Growth [1]		1.28%	1.26%	1.25%	1.23%	1.22%	0.25%	0.25%	0.25%	0.25%	0.25%
Fixed Charge	\$ 17.25	\$ 18.90	\$ 22.00	\$ 22.75	\$ 23.05	\$ 23.20	\$ 23.70	\$ 21.85	\$ 22.35	\$ 22.90	\$ 23.45
Fixed Rate Adjustment		9.57%	16.40%	3.41%	1.32%	0.65%	2%	-8%	2%	2%	2%
SFR Variable Charge	\$4.30	4.72	4.97	5.37	6.03	6.03	6.18	6.59	6.81	7.00	7.31
Variable Rate Adjustment		9.7%	5.3%	8.0%	12.3%	0.0%	2.5%	6.6%	3.3%	2.8%	4.4%
Monthly Service Charge Single Family (8 ccf)	\$51.65	\$56.65	\$61.76	\$65.71	\$71.29	\$71.44	\$73.14	\$74.57	\$76.83	\$78.90	\$81.93
Rate Adjustment		9.7%	9.0%	6.4%	8.5%	0.2%	2.4%	2.0%	3.0%	2.7%	3.8%
Beginning Fund Balance	\$454,739	\$669,000	\$885,200	\$1,656,400	\$2,436,700	\$3,243,800	\$4,032,500	\$4,823,500	\$5,079,500	\$5,328,500	\$5,579,500
Revenues											
Water Sales & Service Charges											
Meter Charge Revenue Estimate	3,753,000	4,164,000	4,908,000	5,138,000	5,270,000	5,369,000	5,499,000	5,082,000	5,211,000	5,353,000	5,495,000
Volumetric Revenue Estimate	6,980,000	7,985,000	8,489,000	9,249,000	10,463,000	10,592,000	10,864,000	11,584,000	11,986,000	12,337,000	12,892,000
Connection Fees [1]	278,000	180,594	107,634	0	0	0	0	0	0	0	0
Interest Earnings - Operating Reserve [2]	34,000	7,000	9,000	17,000	24,000	32,000	40,000	48,000	51,000	53,000	56,000
Interest Earnings - Capital Improvement Fund [3]	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Other	0	0	0	0	0	0	0	0	0	0	0
Operating Revenues	11,097,000	12,388,594	13,565,634	14,456,000	15,809,000	16,045,000	16,455,000	16,766,000	17,300,000	17,795,000	18,495,000
Expenses											
Employee Services	1,640,647	1,747,009	1,799,419	1,853,402	1,909,004	1,966,274	2,025,000	2,086,000	2,149,000	2,213,000	2,279,000
Internal Services - Others	477,547	503,761	516,355	529,264	542,496	556,058	570,000	584,000	599,000	614,000	629,000
Internal Services - ERF	273,440	281,643	288,684	295,901	302,299	310,881	319,000	327,000	335,000	343,000	352,000
Services & Supplies	448,550	536,000	549,400	563,135	577,213	591,644	606,000	621,000	637,000	653,000	669,000
SFPUC Water Purchases	6,070,433	6,723,000	7,190,000	7,953,000	9,158,000	9,288,000	9,568,000	10,283,000	10,688,000	11,043,000	11,592,000
BAWSCA Bond Repayment	647,666	859,152	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Reallocation	884,323	910,853	933,824	956,965	980,889	1,005,411	1,031,000	1,057,000	1,083,000	1,110,000	1,138,000
Capital Outlay	35,000	0	0	0	0	0	0	0	0	0	0
Operating Expenses	10,477,606	11,561,418	12,177,483	13,051,667	14,370,901	14,618,268	15,019,000	15,858,000	16,391,000	16,876,000	17,559,000
Operating Net Revenues	619,394	827,176	1,388,151	1,404,333	1,438,099	1,426,732	1,436,000	908,000	909,000	919,000	936,000
Water Sustainability Fund Transfer	200,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Capital Improvement Transfer [4]	205,000	211,000	217,000	224,000	231,000	238,000	245,000	252,000	260,000	268,000	276,000
Total Expenses	10,882,606	12,172,418	12,794,483	13,675,667	15,001,901	15,256,268	15,664,000	16,510,000	17,051,000	17,544,000	18,235,000
Revenues Less O&M Expenses	619,394	827,176	1,388,151	1,404,333	1,438,099	1,426,732	1,436,000	908,000	909,000	919,000	936,000
Revenues Less Total Expenses	214,394	216,176	771,151	780,333	807,099	788,732	791,000	256,000	249,000	251,000	260,000
Ending Fund Balance	669,133	885,176	1,656,351	2,436,733	3,243,799	4,032,532	4,823,500	5,079,500	5,328,500	5,579,500	5,839,500
Revenue Test: Annual Revenues > O&M Expenses											
Annual Revenues Less O&M Expenses	619,394	827,176	1,388,151	1,404,333	1,438,099	1,426,732	1,436,000	908,000	909,000	919,000	936,000
Pass/fail	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses											
Year-end fund balance	669,133	885,176	1,656,351	2,436,733	3,243,799	4,032,532	4,823,500	5,079,500	5,328,500	5,579,500	5,839,500
25% operating expenses	2,620,000	2,890,000	3,040,000	3,260,000	3,590,000	3,655,000	3,750,000	3,960,000	4,100,000	4,220,000	4,390,000
# of Days O&M in Reserves	23	28	50	68	82	101	117	117	119	121	121
Pass/fail	FAIL	FAIL	FAIL	FAIL	FAIL	PASS	PASS	PASS	PASS	PASS	PASS

[1] Based on CDD and City of Foster City/EMID estimates

[2] Calculated as 1% of the Beginning Fund Balance of the Water Revenue Fund

[3] Calculated as 1% of the Beginning Fund Balance of the Water Capital Improvement Project Fund

[4] Capital Improvements are funded through the Long-Term Capital Improvement Project Fund. Transfer outs are escalated at 3% per year.

Table 2
City of Foster City / Estero Municipal Improvement District
Water Rate Calculation

Scenario 1: Operating Reserve Target Met in 5 Years											
Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fixed Meter Charge Increase		9.50%	16.50%	3.50%	1.25%	0.75%	2.3%	-7.8%	2.3%	2.5%	2.5%
Fixed Revenues +/- 5% of Fixed Costs?		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Reserves % Above (Below) Reserve Target		30.6%	54.5%	74.7%	90.4%	110.3%	128.6%	128.3%	130.0%	132.2%	133.0%
Reserve Target Met?		NO	NO	NO	NO	YES	YES	YES	YES	YES	YES
Revenue Estimates											
Meter Charge Revenue	\$ 3,753,000	\$ 4,164,000	\$ 4,908,000	\$ 5,138,000	\$ 5,270,000	\$ 5,369,000	\$ 5,499,000	\$ 5,082,000	\$ 5,211,000	\$ 5,353,000	\$ 5,495,000
Other Fixed Revenue	\$ 364,000	\$ 239,594	\$ 168,634	\$ 69,000	\$ 76,000	\$ 84,000	\$ 92,000	\$ 100,000	\$ 103,000	\$ 105,000	\$ 108,000
Volumetric Revenue	\$ 6,980,000	\$ 7,987,000	\$ 8,482,000	\$ 9,245,000	\$ 10,465,000	\$ 10,596,000	\$ 10,869,000	\$ 11,591,000	\$ 11,992,000	\$ 12,344,000	\$ 12,886,000
Total Projected	\$ 11,097,000	\$ 12,390,594	\$ 13,558,634	\$ 14,452,000	\$ 15,811,000	\$ 16,049,000	\$ 16,460,000	\$ 16,773,000	\$ 17,306,000	\$ 17,802,000	\$ 18,489,000
Total Projected Revenue (Rounded '000's)	\$ 11,097,000	\$ 12,391,000	\$ 13,559,000	\$ 14,452,000	\$ 15,811,000	\$ 16,049,000	\$ 16,460,000	\$ 16,773,000	\$ 17,306,000	\$ 17,802,000	\$ 18,489,000
	\$11,097,000	\$12,388,594	\$13,565,634	\$14,456,000	\$15,809,000	\$16,045,000	\$16,455,000	\$16,766,000	\$17,300,000	\$17,795,000	\$18,495,000
Revenue Allocation											
Fixed	37.1%	35.5%	37.4%	36.0%	33.8%	34.0%	34.0%	30.9%	30.7%	30.7%	30.3%
Variable	62.9%	64.5%	62.6%	64.0%	66.2%	66.0%	66.0%	69.1%	69.3%	69.3%	69.7%
Costs Estimates											
Fixed Costs [1]	\$3,964,507	\$4,390,266	\$5,073,127	\$5,197,511	\$5,325,145	\$5,456,112	\$5,590,644	\$5,166,000	\$5,309,200	\$5,454,600	\$5,604,200
Variable Costs [2]	\$6,918,099	\$7,982,152	\$8,490,000	\$9,253,000	\$10,458,000	\$10,588,000	\$10,868,000	\$11,583,000	\$11,988,000	\$12,343,000	\$12,882,000
Total Projected Costs	\$10,882,606	\$12,372,418	\$13,563,127	\$14,450,511	\$15,783,145	\$16,044,112	\$16,458,644	\$16,749,000	\$17,297,200	\$17,797,600	\$18,486,200
Cost Analysis											
Fixed	36.4%	35.5%	37.4%	36.0%	33.7%	34.0%	34.0%	30.8%	30.7%	30.6%	30.3%
Variable	63.6%	64.5%	62.6%	64.0%	66.3%	66.0%	66.0%	69.2%	69.3%	69.4%	69.7%
Meter Charge Calculation											
Monthly charge per meter equivalent (Rounded to nearest \$0.05)	\$ 17.25	\$ 18.90	\$ 22.00	\$ 22.75	\$ 23.05	\$ 23.20	\$ 23.70	\$ 21.85	\$ 22.35	\$ 22.90	\$ 23.45
Annual charge per meter equivalent	\$ 207.00	\$ 226.80	\$ 264.00	\$ 273.00	\$ 276.60	\$ 278.40	\$ 284.40	\$ 262.20	\$ 268.20	\$ 274.80	\$ 281.40
Meter equivalents [3]	18,127	18,359	18,590	18,822	19,054	19,286	19,334	19,382	19,430	19,479	19,528
Meter Charge Revenue Estimate	\$ 3,753,000	\$ 4,164,000	\$ 4,908,000	\$ 5,138,000	\$ 5,270,000	\$ 5,369,000	\$ 5,499,000	\$ 5,082,000	\$ 5,211,000	\$ 5,353,000	\$ 5,495,000
Volumetric Rate Calculation											
EMID Proposed Uniform Rate	\$4.40	\$ 4.97	\$ 5.21	\$ 5.61	\$ 6.27	\$ 6.27	\$ 6.42	\$ 6.83	\$ 7.05	\$ 7.24	\$ 7.54
Projected annual water sales (ccf) [4]	1,586,407	1,607,000	1,628,000	1,648,000	1,669,000	1,690,000	1,693,000	1,697,000	1,701,000	1,705,000	1,709,000
Variable revenue estimate	\$6,980,000	\$7,987,000	\$8,482,000	\$9,245,000	\$10,465,000	\$10,596,000	\$10,869,000	\$11,591,000	\$11,992,000	\$12,344,000	\$12,886,000
% Spread between EMID and SFPUC Surcharge											
SFPUC PROJECTED RATES	\$3.75	\$4.05	\$4.28	\$4.68	\$5.33	\$5.34	\$5.49	\$5.89	\$6.11	\$6.30	\$6.60
Increase (Decrease) %		8.0%	5.7%	9.3%	13.9%	0.2%	2.8%	7.3%	3.7%	3.1%	4.8%
BAWSCA Surcharge	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53	\$0.53
SFPUC Rate + BAWSCA Surcharge	\$4.28	\$4.58	\$4.81	\$5.21	\$5.86	\$5.87	\$6.02	\$6.42	\$6.64	\$6.83	\$7.13
EMID Fixed Meter Charge Increase (Decrease)		9.6%	16.4%	3.4%	1.3%	0.7%	2.2%	(7.8%)	2.3%	2.5%	2.4%
EMID Volumetric Rate Increase (Decrease)		13.0%	4.8%	7.7%	11.8%	0.0%	2.4%	6.4%	3.2%	2.7%	4.1%

Note:

[1] Includes: Employee Services, Internal Services - Other, Internal Services - ERF, Services & Supplies, Reallocation, Capital Outlay, Capital Improvement Fund Transfers, Pension Liability Transfers & net revenues for the Operating Fund.

[2] Includes: SFPUC Water Purchases, BAWSCA Bond Repayment, and Water Sustainability Fund Transfers.

[3] Household growth based on projections from the CDD.

[4] Includes 2% water loss factor

Table 3
City of Foster City / Estero Municipal Improvement District
Proposed Water Rates

		Operating Reserve Target Met in 5 Years								
	Proposed Rates Two Tier FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Monthly Meter Charge										
3/4"	\$18.90	\$22.00	\$22.75	\$23.05	\$23.20	\$23.70	\$21.85	\$22.35	\$22.90	\$23.45
1"	31.50	36.67	37.92	38.42	38.67	39.50	36.42	37.25	38.17	39.08
1-1/2"	75.60	88.00	91.00	92.20	92.80	94.80	87.40	89.40	91.60	93.80
2"	100.80	117.33	121.33	122.93	123.73	126.40	116.53	119.20	122.13	125.07
3"	220.50	256.67	265.42	268.92	270.67	276.50	254.92	260.75	267.17	273.58
4"	396.90	462.00	477.75	484.05	487.20	497.70	458.85	469.35	480.90	492.45
6"	882.00	1,026.67	1,061.67	1,075.67	1,082.67	1,106.00	1,019.67	1,043.00	1,068.67	1,094.33
8"	1,512.00	1,760.00	1,820.00	1,844.00	1,856.00	1,896.00	1,748.00	1,788.00	1,832.00	1,876.00
Monthly Fire Meter Charge										
3/4"	26.46	30.80	31.85	32.27	32.48	33.18	30.59	31.29	32.06	32.83
1"	26.46	30.80	31.85	32.27	32.48	33.18	30.59	31.29	32.06	32.83
1-1/2"	26.46	30.80	31.85	32.27	32.48	33.18	30.59	31.29	32.06	32.83
2"	35.34	41.14	42.54	43.10	43.38	44.32	40.86	41.79	42.82	43.85
3"	77.11	89.76	92.82	94.04	94.66	96.70	89.15	91.19	93.43	95.68
4"	138.92	161.70	167.21	169.42	170.52	174.20	160.60	164.27	168.32	172.36
6"	308.64	359.26	371.51	376.41	378.86	387.02	356.81	364.98	373.96	382.94
8"	529.20	616.00	637.00	645.40	649.60	663.60	611.80	625.80	641.20	656.60
(minimum charge is equivalent to 1-1/2" meter charge)										

Table 4
Foster City / Estero Municipal Improvement District
Projected Water Rate Impacts

Scenario 1: Operating Reserve Target Met in 5 Years

	Current	FY2016		FY2017
	<u>Rates</u>	Number of Bills	Percent	<u>Two Tier Hybrid Model</u>
Monthly meter charge	\$17.25			\$18.90
% Change from FY2015				9.6%
Single Family Residential Monthly Tiers				
Tier 1: 0 to 10 ccf	\$4.30	18,179	67%	\$4.72
Tier 2: over 10 ccf	\$4.64	9,114	33%	\$5.95
Total Number of Bills		27,293	100%	
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>			<u>Monthly Bill</u>
Low User	5	\$38.75		\$42.50
\$ Increase				3.75
% Increase				9.7%
FY 2015 Average User	8	\$51.65		\$56.66
\$ Increase				5.01
% Increase				9.7%
FY 2014 Average User	9.5	\$58.10		\$63.74
\$ Increase				5.64
% Increase				9.7%
Med-High User	20	\$106.65		\$125.60
\$ Increase				18.95
% Increase				17.8%
High User	50	\$245.85		\$304.10
\$ Increase				58.25
% Increase				23.7%

Table 5
Foster City / Estero Municipal Improvement District
Projected Water Rate Impacts

Rate Change Options	Current	Fiscal Year Ending June 30,					Extended Year Projection				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Scenario 1: Operating Reserve Target Met in 5 Years											
Single Family Residential Monthly Rate	\$51.65	\$56.65	\$61.76	\$65.71	\$71.29	\$71.44	\$73.14	\$74.57	\$76.83	\$78.90	\$81.93
\$ Increase		5.00	5.11	3.95	5.58	0.15	1.70	1.43	2.26	2.07	3.03
% Increase		9.7%	9.0%	6.4%	8.5%	0.2%	2.4%	2.0%	3.0%	2.7%	3.8%

Based on Single Family Residential Use of 8 ccf



DATE: March 28, 2016

TO: President and Members of the EMID Board of Directors

VIA: Kevin M. Miller, District Manager

FROM: Dante G. Hall, Assistant District Manager
Edmund Suen, Finance Director

SUBJECT: Review of Projected Wastewater Rates for FY 2016 – 2017; Policy
Direction for Rate Notification under Proposition 218

RECOMMENDATION

It is recommended that the Estero Municipal Improvement District (EMID) Board of Directors:

1. Review and approve the proposed wastewater rates for FY 2016-2017, or provide alternative direction; and
2. Based on that direction, authorize staff to establish the proposed wastewater rates for FY 2016-2017 that will be noticed to all rate payers under the requirements of Proposition 218.

EXECUTIVE SUMMARY

In establishing wastewater rates last fiscal year, the EMID Board maintained its philosophy of setting wastewater rates using a 10-year forecast of expenditures and long term capital improvement projects. With this objective in mind, the District engaged Bartle Wells Associates (BWA) to prepare the FY 2016 Wastewater Rate Study and recommend rate adjustments for the next fiscal year.

The District has a Joint Exercises Powers Agreement with the City of San Mateo where the District receives treatment of its wastewater via the San Mateo Wastewater Treatment Plant. The District is responsible for its share of operating and maintenance costs that San Mateo incurs treating the District's wastewater, as well as 25% of capital improvement costs at the plant. The current rate model includes assumptions relative to

the 10-year Wastewater Treatment Plant (WWTP) Master Plan Improvement Project that is currently underway. The Master Plan Improvements Project contemplates the District's estimated share of the costs to be \$112.5 Million over the next 10 years. Increases have been identified in the current rate model to include the costs of WWTP Master Plan Improvements. In consideration of these factors, BWA proposes an overall rate increase of 11% on all wastewater rates for FY 2016 – 2017.

Based on the EMID Board direction, staff will prepare a notice that will be mailed to all ratepayers on or before April 11, 2016 in compliance with the provisions of Proposition 218. A public hearing on and adoption of the proposed rates will occur at the June 6, 2016 Board meeting in conjunction with the FY 2015-2016 Annual Budget Public Hearing. The new rates will become effective July 1, 2016.

BACKGROUND & ANALYSIS

Historical Wastewater Rate Setting Policies

The District's wastewater operations rely, in part, on costs borne jointly by EMID and the City of San Mateo via the San Mateo Wastewater Treatment Plant Joint Exercise of Powers Agreement executed in June 1974. Those costs include recurring operations and maintenance, as well as capital improvement costs. The rates that wastewater customers pay are based, primarily, on a fixed charge based upon the size of the meter installed at the customer's location (restaurants and certain other businesses pay rates based upon water consumption). Furthermore, the District has historically set rates on a "Pay As You Go" basis, meaning that rates are increased only based upon budgeted current operating expenditures in order to meet minimum reserve requirements equal to 25% of annual operating expenditures and \$2 million for unanticipated capital expenditures, consistent with the Board's existing reserve policy.

In FY 2009-2010, the EMID Board implemented a 10-year forecast for wastewater rates so as to ensure that the long-term financial needs of the system are met. The Board changed its funding mechanisms for Long-Term Capital Improvement Projects in FY 2010-2011 by incorporating annual CIP funding to provide sufficient funding for CIP projects in the 10-year forecast. The rate model also takes into consideration projected reserve levels above the 25% annual operating expenditure requirement and the \$2 million emergency reserve requirement that may be used to offset rate increases or act to reduce rates where appropriate. This model continues to be used as a basis for establishing the proposed rates for FY 2016-2017.

Assumptions Used in Wastewater Rate Model

The following assumptions were used in creating the rate model:

Revenues

- Number of wastewater service accounts is anticipated to remain primarily steady, with slight increases as a result of the development of such sites as Pilgrim-Triton (Triton Pointe and the Waverly), the Towne Place Suite at the former Black Angus site, 1297 Chess Drive, Illumina, and the Foster Square Project, anticipated through FY 2018-2019. In addition, the Gilead Corporate Campus Master Plan is being developed beyond 2019. Any future growth beyond these developments can be taken into consideration in future years as those additional customers come online.
- Interest income is expected to return 1.0% on investment assets over the 10- year forecast based on current returns. In addition, interest income generated from capital improvement funds is estimated and assumed that it will be transferred to the operating fund to offset annual operating costs, as funding for capital improvement projects are funded through annual transfers from operations.
- Rate changes for FY 2016-2017 would take place effective July 1, 2016

Expenditures

- Preliminary budget figures for FY 2016-2017 are used as the basis for expenditures, with no assumption made as to expenditure savings in future years.
- Operating and maintenance costs of the WWTP are based upon the latest-known information provided by the City of San Mateo. A small increase of \$38,000 to \$2 million for FY 2016-2017 has been assumed relative to the WWTP operations and maintenance (O&M) costs based on the latest projections of O&M costs by San Mateo and the relative proportion of solid waste being treated by the plant from the respective agencies. These costs are expected to grow at average of 3% per year. All other expenditures are assumed to increase by 2.5% per year, consistent with the expected assumptions for the FY 2016-2017 Annual Budget 5-year Financial Plan.
- Projections anticipate the repayment of a cumulative \$3.24 million loan from the Wastewater Capital Projects Reserve for WWTP expenditures incurred through June 30, 2016 and over a 5 year period. WWTP costs in the future years are anticipated to be funded by a combination of bonds and State Revolving Loan funds.
- The wastewater enterprise has been funding collection system capital expenditures through annual transfers to the capital improvements fund. Projections assume the wastewater enterprise transfers \$780,000 annually.

- Ongoing Cost Inflation projections assume 1.5% to 3% annual cost inflation adjustments needed to keep revenues in line with operating expenses

Reserve Levels

Minimum reserve requirements for each year are assumed to be not less than 25% of annual operating expenditures and \$2 million for unanticipated capital expenditures, consistent with the Board's existing reserve policy.

FY 2016 - 2017 Wastewater Rate Impact

The current monthly bill for Single Family Residence (SFR) users is \$51.47. The current monthly bill for Multi-family Residential (MFR) is \$43.23. Commercial customers are billed on a volumetric rate based on water usage and strength classification. BWA proposes an overall rate increase of 11% on all wastewater rates for FY 2016 – 2017. The table below provides a comparison of current rates to proposed rates.

Estero Municipal Improvement District Proposed Wastewater Rates for FY 2016-2017 To be effective July 1, 2016			
Fiscal Year Ending June 30	Current 2016	Proposed 2017	Proposed Increase %
Residential (flat monthly rate)			
Single Family	\$ 51.47	\$ 57.13	11.00%
Townhouse/Duplex	\$ 43.23	\$ 47.99	11.01%
Apartment/Condominium	\$ 43.23	\$ 47.99	11.01%
Commercial (rate per ccf of water use)			
High Strength	\$ 9.35	\$ 10.38	11.02%
Medium/Domestic Strength	\$ 3.29	\$ 3.65	10.94%
Low Strength	\$ 2.16	\$ 2.40	11.11%

Table 1

Rate Survey

A survey of communities along the San Francisco Peninsula was conducted to compare the District's typical residential monthly bill with the neighboring communities. The results of the survey are summarized in the comparison chart attached to this report (Attachment – Wastewater Rate Survey Comparison Chart). The survey indicates the

District's wastewater rates remain among the lowest on the Peninsula. The proposed monthly wastewater charge for a single family residential unit would be increased from to \$51.65 to \$56.65, while the average monthly rate for the agencies surveyed is \$64.16.

POLICY DIRECTION

Staff seeks Board direction on the following policy issues:

1. Wastewater Rates charged for FY 2016-2017

- a. Authorization to proceed with the wastewater rate increase assumptions that reflect an increase of 11% for FY 2016-2017, or otherwise directed by the Board.
- b. Authorization to proceed with distributing Proposition 218 Notice based on the Board's direction regarding wastewater rates.

PROPOSITION 218 NOTIFICATION

Per the requirements under Proposition 218, all ratepayers will receive a notice on or before April 11, 2016, based upon the EMID Board's policy direction this evening. Due to the complexity of the rate model changes being recommended, a user-friendly notice will continue to be prepared that still meets the Proposition 218 noticing requirements. A public hearing will be held and the rates adopted on June 6, 2016. The rates will go into effect on July 1, 2016.

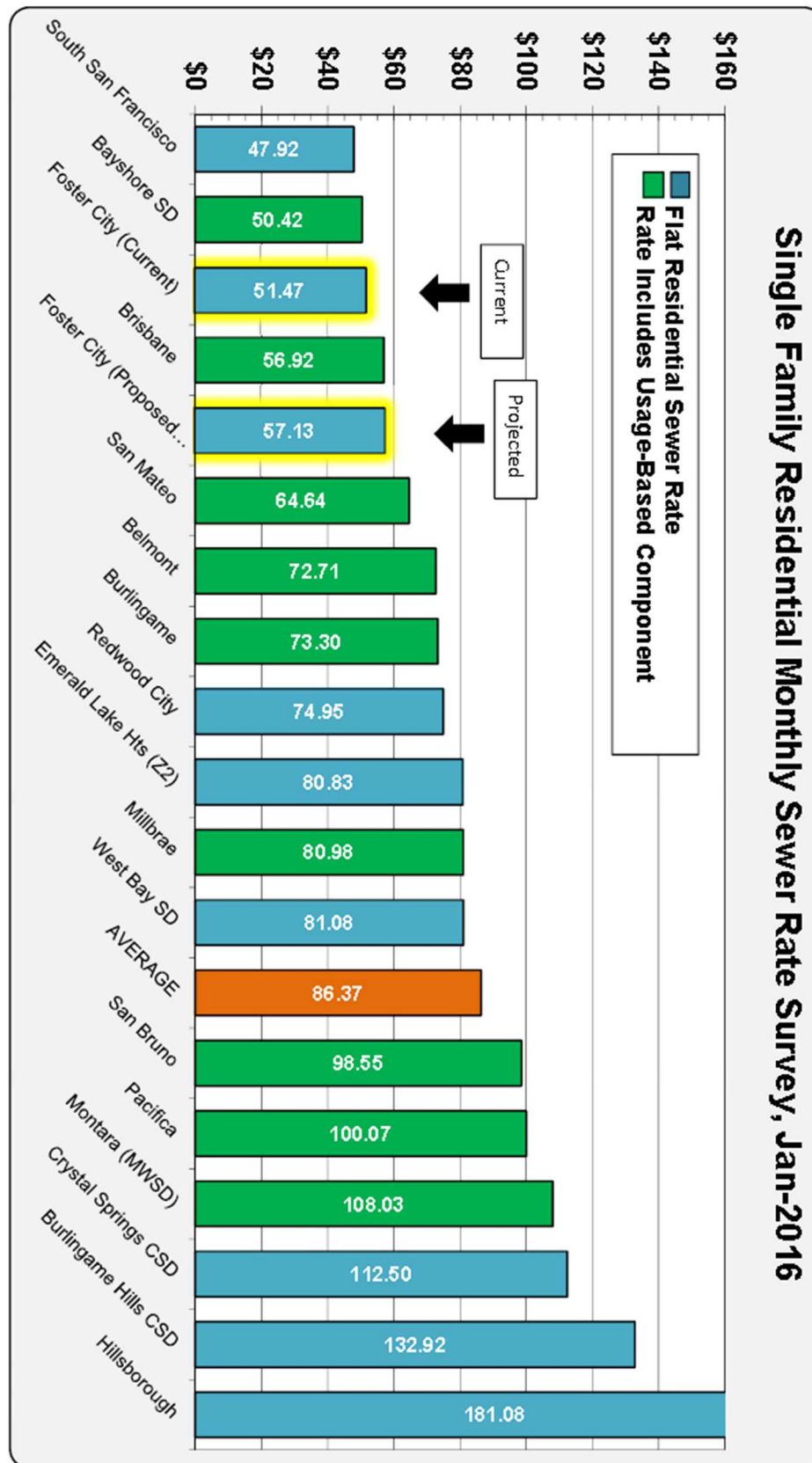
It should be noted that between the notification date and the public hearing date, the EMID Board will receive the FY 2015-2016 Preliminary Annual Budget and 5-Year Financial Plan. Any adjustments that occur based upon EMID Board direction at the Budget Study Session will be incorporated into an updated rate model at the time of the public hearing. However, it is the opinion of staff that conservative assumptions have been employed in the creation of the attached rate models. Accordingly, staff believes that the rates proposed herein are the maximum rates that would be recommended for FY 2015-2016. At the public hearing, the EMID Board would have the option of reducing rates lower than what was noticed to rate payers under Proposition 218 if budgetary estimates change, but it could not increase the rates above what was noticed.

Attachments:

Wastewater Rate Survey Comparison Chart

Bartle Wells Associates Wastewater Rate Study Data

FY 2016-2017 WASTEWATER RATE SURVEY COMPARISON CHART



Foster City/Estero Municipal Improvement District 2016 Rate Study

**Draft Wastewater Tables
March 2, 2016**



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1
 Foster City / Estero Municipal Improvement District
 Current Wastewater Rates

Fiscal Year Ending June 30	Current 2016
Residential (flat monthly rate)	
Single Family	\$51.47
Townhouse/Duplex	43.23
Apartment/Condominium (Pools w/ Restrooms)	43.23
Commercial (rate per ccf of water use)	
Restaurants	9.35
Commercial/Hotels/Offices/Industrial/Laundromats	3.29
Institutional (rate per ccf of water use)	
Institutional/Schools	2.16

Table 2

City of Foster City/Estero Municipal Improvement District
Strength Classifications into Low, Medium/Domestic, and High Strength Dischargers

Low Strength	Banks & Financial Institutions Barber Shops/Hair Salons (hair cutting only) Post Offices/Government Retail Stores Libraries Schools Churches, Halls & Lodges
Medium/Commercial/ Domestic Strength	Residential - All Appliance Repair Beauty Shops (hair cutting w/additional treatments) Dry Cleaners Nail Salons Pet Groomers Commercial Laundromats Bars & Taverns Tasting Rooms Hospitals - General, Convalescent & Veterinarian Hotels, Motels, B&Bs, and Vacation Rentals Offices - Business and Professional Offices - Medical/Dental Pools with Restrooms (Clubhouse) Theaters Warehouses Car Washes High Tech Medical Manufacturing Light Manufacturing/Industrial Gym or Health Club Machine Shops Service Stations, Garages, Auto Repair Shops Mini Marts - W/O Dish Washer or Garbage Disposal Mini Mart with Gas Pumps - W/O Dish Washer or Garbage Disposal Spa with Various Beauty Treatments Parking Garages
High Strength	Restaurants Coffee Shops Ice Cream Parlors Catering Eatery Bakeries Butcher Shops Fish Market/Shop Markets - with Dish Washer or Garbage Disposal Markets - with Bakeries or Butcher Shops Mini Marts - with Dish Washer or Garbage Disposal Wineries Market Dairies (milk producers, yogurt, ice cream maker) Specialty Foods Manufacturing (e.g., cheese or olive oil maker)

Note: Wastewater users who have Fats, Oils, and Grease (FOG) waste will be put into the High Strength user category

Table 3
City of Foster City/Estero Municipal Improvement District
Assumed Wastewater Strength Factors

Strength Class	LOW	MEDIUM	HIGH
Examples:	Institutional Bank	Residential Offices	Restaurant Bakery
Flow (gpd)	200	200	200
BOD ¹ (mg/l)	130	240	1000
TSS ² (mg/l)	100	240	800
Strength Factor	0.66	1.00	2.85
Strength Factor Formula	$SF = (Flow(gpd)/200) * (0.33 + (0.33 * BOD(mg/l)/240) + (0.34 * TSS(mg/l)/240))$		

WW flows and strengths based on State Water Resources Control Board's Revenue Program Guidelines

1 "BOD" stands for Biochemical Oxygen Demand

2 "TSS" stands for Total Suspended Solids

Table 4
City of Foster City/Estero Municipal Improvement District
Summary of Sewer Users by Customer Class

Customer Class	EDUs ¹	Annual Measured ADWF ² (gal/day)	ADWF Flow (gal/day)	FY2015 Estimate EDU x Flow ADWF Flow (gal/day)	BOD ³ (mg/l)	TSS ⁴ (mg/l)	FY2016 Calculated Current Rate
Residential							
Single Family Residential	4,534		200	906,800	240	240	51.47
Townhouse/Duplex	2,221		168	373,128	240	240	43.23
Apartment/Condos	5,922		168	994,896	240	240	43.23
				2,274,824			
Commercial							
			Flow Factor				
Low Strength	36	70,078	65%	45,551	130	100	2.16
Medium/Domestic Strength	170	230,675	53%	122,027	240	240	3.29
High Strength	47	82,919	70%	58,044	1000	800	9.35
		383,673		225,622			
Totals				2,500,446			
Check Against Lowest Actual Monthly Avg. Day Flow (May 2014 from LS 59 Flow Log):				2,367,806			

- 1 "EDU" stands for Equivalent Dwelling Unit
 2 "ADWF" stands for Average Dry Weather Flow
 3 "BOD" stands for Biochemical Oxygen Demand
 4 "TSS" stands for Total Suspended Solids

Table 5
 Foster City / Estero Municipal Improvement District
 Wastewater Service Accounts

Data as of: 12/07/15

Customer Class	Number of Accounts
<u>Residential</u>	
Single Family	4,534
Townhouse/Duplex	2,221
Apartment/Condominium (Pools w/ Restrooms)	<u>5,922</u>
Residential Total	12,677
<u>Commercial</u>	
Restaurants	47
Commercial/Hotels/Offices/Industrial/Laundromats	<u>170</u>
Commercial Total	217
<u>Institutional</u>	
Institutional/Schools	<u>36</u>
Insitutional Total	36
Total	12,930

Source: Cognos Sewer Customer Count Report

Table 6
 Foster City / Estero Municipal Improvement District
 Wastewater Operating Fund Reserves

Fund Reserve Component	July 1, 2015
	Balance
Reserved for Maintenance & Operation	<u>\$799,897</u>
Total	<u>\$799,897</u>

Note: Rate model only includes fund reserve components available to fund ongoing operating and capital expenditures.

Source: City of Foster City/Estero Municipal Improvement District CAFR, FY 2014/15

Table 7
City of Foster City / Estero Municipal Improvement District
Wastewater Enterprise O&M Projection

Expenditures	Five Year Projection (Prop 218)						Extended Year Projection				Annual % Increase [1]
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
Employee Services	\$1,741,147	\$1,803,403	\$1,857,505	\$1,913,230	\$1,970,627	\$2,029,746	\$2,090,638	\$2,153,357	\$2,217,958	\$2,284,497	3.0%
Internal Services (from City)	590,470	620,292	635,799	651,694	667,986	684,686	701,803	719,348	737,332	755,765	2.5%
Internal Services -ERF	360,436	371,249	380,530	390,043	399,794	409,789	420,034	430,535	441,298	452,330	2.5%
Services & Supplies	729,200	775,050	794,426	814,287	834,644	855,510	876,898	898,820	921,291	944,323	2.5%
EMID Share WWTP O&M	1,962,000	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,549	2,388,105	2,459,748	2,533,540	3.0%
EMID Share WWTP Capital Improvements	1,000,000	0	0	0	0	0	0	0	0	0	0.0%
Reallocation	<u>795,964</u>	<u>819,843</u>	<u>832,141</u>	<u>844,623</u>	<u>857,292</u>	<u>870,151</u>	<u>883,203</u>	<u>896,451</u>	<u>909,898</u>	<u>923,546</u>	1.5%
TOTAL O&M Expenditures	\$7,179,217	\$6,389,837	\$6,560,401	\$6,735,677	\$6,915,797	\$7,100,900	\$7,291,125	\$7,486,616	\$7,687,525	\$7,894,001	
		-11.0%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	

[1] Based on historical results

CHART A

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SAN MATEO WASTEWATER TREATMENT PLANT EXPANSION PROJECTS (FOSTER CITY'S SHARE)

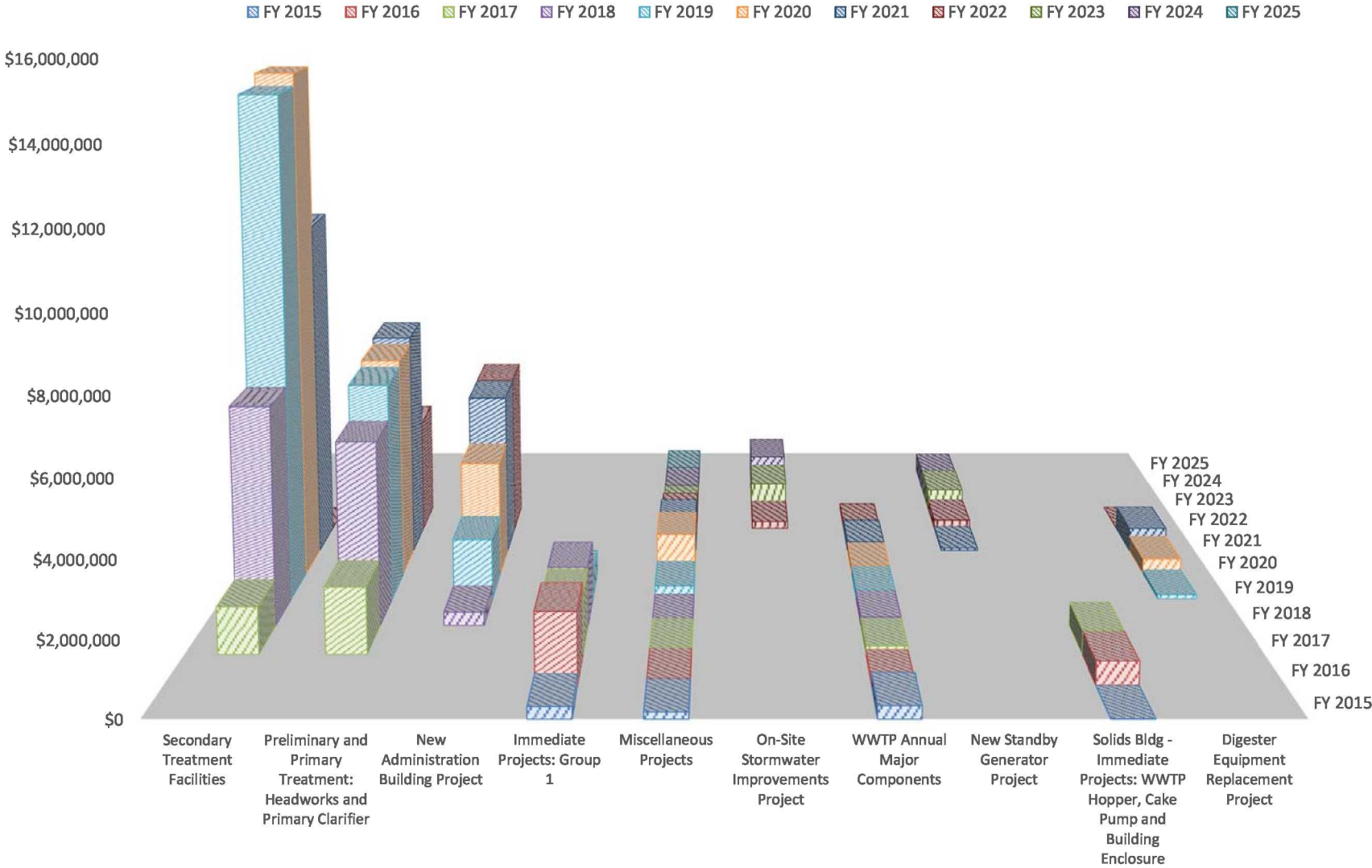


Table 8
City of Foster City / Estero Municipal Improvement District
Foster City Share of San Mateo WWTP Projects

Project	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Stress Test, WWTP Master Plan, Environmental Document	\$79,126	\$75,857	\$65,774	\$67,747	\$69,779	\$71,873
New Administration Building Project				369,571	1,708,588	3,271,460
Solids Bldg - Immediate Projects: WWTP Hopper, Cake Pump and Building Enclosure	10,032	639,291	648,732			
WWTP Annual Major Components	339,592	127,103	229,899	236,796	243,900	251,217
Secondary Treatment Facilities			1,278,587	6,062,727	14,220,215	14,588,801
On-Site Stormwater Improvements Project						
Tank Drain Pump Replacement Project			35,355	9,650		
Disinfection: Immediate Projects: Chlorination/Dechlorination	88,524	15,223				
Immediate Projects: Boiler Replacement	13,284	76,578	68,889			
Electrical: Immediate Projects			0			
Preliminary and Primary Treatment: Headworks and Primary Clarifier			1,811,318	5,090,331	6,126,628	6,310,427
Aeration Blower Replacement Project			0	0	0	345,272
Immediate Projects: Group 1	312,087	1,923,397	1,582,894	1,630,381	693,678	
New Standby Generator Project					0	
Sodium Hypochlorite Replacement Project				37,651	166,226	9,793
Effluent Pump Station 2 Pump Replacement Project					11,338	138,453
Digester Equipment Replacement Project					118,706	436,398
New Site Waste Pump Station Project					109,376	508,256
Digester Heating Equipment Replacement Project						37,601
Digester Feed Pump and Blower Replacement Project						48,598
Recycled Water Pump Replacement Project						
Recurring: Asset Management/Condition Assessment		7,175	7,346	7,537	7,762	8,058
Site Prep						
UV Disinfection						
EQ Conversion						
Risk Register			5,169,251			
Total Project Costs	\$842,644	\$2,864,625	\$10,898,047	\$13,512,390	\$23,476,196	\$26,026,206

					<u>Foster City's</u>	<u>Total Project</u>	<u>Foster City's</u>	<u>Total Project</u>
<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>Share (Escalated)</u>	<u>Cost (Escalated)</u>	<u>Share (Not Escalated)</u>	<u>Cost (Not Escalated)</u>
\$74,029	\$76,250	\$78,537	\$80,893	\$83,320	\$823,186	\$3,292,743	\$727,197	\$2,908,788
4,683,994	4,693,859				14,727,472	58,909,887	12,727,819	50,911,275
					1,298,054	5,192,218	1,275,131	5,100,523
258,753	132,273				1,819,534	7,278,137	1,688,464	6,753,856
9,865,071					46,015,401	184,061,605	41,323,625	165,294,500
	218,853	777,853	1,067,882		2,064,588	8,258,352	1,650,250	6,601,000
					45,006	180,022	43,125	172,500
					103,746	414,984	103,746	414,984
					158,751	635,006	156,250	625,000
121,495	27,007				148,501	594,006	126,500	506,000
6,499,740	3,322,630				29,161,074	116,644,294	26,067,313	104,269,250
80,617					425,889	1,703,555	374,161	1,496,643
					6,142,437	24,569,748	5,926,000	23,704,000
63,961	264,508	590,218	560,707		1,479,394	5,917,577	1,194,900	4,779,600
					213,670	854,681	195,594	782,375
244,276	3,393				397,460	1,589,838	344,956	1,379,825
671,480	9,328				1,235,912	4,943,647	1,077,544	4,310,175
30,719					648,350	2,593,402	576,113	2,304,450
175,155	9,850				222,606	890,424	192,038	768,150
177,133	269,783				495,514	1,982,054	419,638	1,678,550
	81,286	14,994			96,279	385,117	79,660	318,640
8,334	8,750	9,013	9,248	9,561	82,785	331,140	71,865	287,461
					0	0	0	0
					0	0	0	0
					0	0	0	0
					<u>5,169,251</u>	<u>20,677,002</u>	<u>5,000,000</u>	<u>20,000,000</u>
\$22,954,757	\$9,117,770	\$1,470,615	\$1,718,730	\$92,881	\$112,974,860	\$451,899,439	\$101,341,886	\$405,367,545

Table 9
City of Foster City / Estero Municipal Improvement District
Wastewater Enterprise Cash Flow Projection

		Five Year Projection					Extended Year Projection			
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assumptions:										
Interest Earnings Rate		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Revenue Increase from Growth		1.28%	1.26%	1.25%	1.23%	1.22%	0.25%	0.25%	0.25%	0.25%
Rate Adjustment		11.00%	11.00%	11.00%	10.50%	10.50%	4.25%	4.00%	2.00%	1.50%
Monthly Service Charge for Single Family	\$51.47	\$57.13	\$63.42	\$70.39	\$77.78	\$85.95	\$89.60	\$93.19	\$95.05	\$96.48
Beginning O&M Fund Balance	\$799,897	\$1,272,800	\$2,494,000	\$3,525,400	\$4,719,800	\$5,922,800	\$7,158,400	\$8,450,400	\$9,734,600	\$11,089,400
Operating Revenues										
Service Charges	7,555,000	8,483,000	9,523,000	10,690,000	11,944,000	13,344,000	13,944,000	14,537,000	14,864,000	15,124,000
Connection Fees [1]	417,651	581,000	218,750							
Interest Earnings [2]	85,000	13,000	25,000	35,000	47,000	59,000	72,000	85,000	97,000	111,000
Other Revenue	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Operating Revenue	8,058,651	9,078,000	9,767,750	10,726,000	11,992,000	13,404,000	14,017,000	14,623,000	14,962,000	15,236,000
Non Operating Revenue										
Interfund Loan - Capital Improvement Fund [3]	3,238,092									
Bond / Loan [4]		10,898,047								
SRF Loan Reimbursement [5]	0	0	13,512,390	23,476,196	26,026,206	22,954,757	9,117,770	1,470,615	1,718,730	92,881
Non Operating Revenue	3,238,092	10,898,047	13,512,390	23,476,196	26,026,206	22,954,757	9,117,770	1,470,615	1,718,730	92,881
Total Revenue	11,296,743	19,976,047	23,280,140	34,202,196	38,018,206	36,358,757	23,134,770	16,093,615	16,680,730	15,328,881
Operating Expenses										
Employee Services	1,741,147	1,803,403	1,857,505	1,913,230	1,970,627	2,029,746	2,090,638	2,153,357	2,217,958	2,284,497
Internal Services (from City)	590,470	620,292	635,799	651,694	667,986	684,686	701,803	719,348	737,332	755,765
Internal Services -ERF	360,436	371,249	380,530	390,043	399,794	409,789	420,034	430,535	441,298	452,330
Services & Supplies	729,200	775,050	794,426	814,287	834,644	855,510	876,898	898,820	921,291	944,323
EMID Share WWTP O&M	1,962,000	2,000,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,549	2,388,105	2,459,748	2,533,540
EMID Share WWTP Capital Improvements	1,000,000	0	0	0	0	0	0	0	0	0
Reallocation	795,964	819,843	832,141	844,623	857,292	870,151	883,203	896,451	909,898	923,546
Operating Expenses	7,179,217	6,389,837	6,560,401	6,735,677	6,915,797	7,100,900	7,291,125	7,486,616	7,687,525	7,894,001
Operating Net Revenue	879,434	2,688,163	3,207,349	3,990,323	5,076,203	6,303,100	6,725,875	7,136,384	7,274,475	7,341,999
Capital Expenses										
Transfer Out - Capital Improvement Fund	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000
EMID Share WWTP Expansion	2,864,625	10,898,047	13,512,390	23,476,196	26,026,206	22,954,757	9,117,770	1,470,615	1,718,730	92,881
Capital Expenses	3,644,625	11,678,047	14,292,390	24,256,196	26,806,206	23,734,757	9,897,770	2,250,615	2,498,730	872,881
Annual Debt Service (Interfund Loan)		686,988	686,988	686,988	686,988	686,988				
Annual Debt Service (Bond)			708,934	708,934	708,934	708,934	708,934	708,934	708,934	708,934
Annual Debt Service (SRF)				620,045	1,697,300	2,891,568	3,944,896	4,363,285	4,430,767	4,509,635
Debt Service		686,988	1,395,922	2,015,967	3,093,222	4,287,490	4,653,830	5,072,218	5,139,701	5,218,568
Debt Coverage [6]			2.30	1.98	1.64	1.47	1.45	1.41	1.42	1.41
Total Expenditures	10,823,842	18,754,872	22,248,713	33,007,839	36,815,225	35,123,148	21,842,725	14,809,449	15,325,955	13,985,450
Revenues Less Total Expenditures	472,901	1,221,175	1,031,427	1,194,356	1,202,981	1,235,610	1,292,045	1,284,166	1,354,774	1,343,431
Ending O&M Fund Balance	1,272,798	2,493,975	3,525,427	4,719,756	5,922,781	7,158,410	8,450,445	9,734,566	11,089,374	12,432,831

Cash Fund Reserve Test: Minimum Fund Balance > 25% O&M Expenses

Year-end O&M Fund Balance	1,272,798	2,493,975	3,525,427	4,719,756	5,922,781	7,158,410	8,450,445	9,734,566	11,089,374	12,432,831
25% Operating Expenses	1,794,804	1,597,459	1,640,100	1,683,919	1,728,949	1,775,225	1,822,781	1,871,654	1,921,881	1,973,500
# of Days O&M in Reserves	65	142	196	256	313	368	423	475	527	575
Pass/fail	FAIL	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

Accrual Fund Reserve Test: Minimum Fund Balance >25% O&M Expenses

Operating Revenues Less O&M Expenses	879,434	2,688,163	3,207,349	3,990,323	5,076,203	6,303,100	6,725,875	7,136,384	7,274,475	7,341,999
Less: Transfers	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)	(780,000)
Net Revenues	99,434	1,908,163	2,427,349	3,210,323	4,296,203	5,523,100	5,945,875	6,356,384	6,494,475	6,561,999
Ending Fund Balance	899,331	2,807,494	5,234,843	8,445,166	12,741,369	18,264,469	24,210,344	30,566,728	37,061,203	43,623,202
Pass/fail	FAIL	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

[1] Growth projections based on CDD estimates.

[2] Projected interest calculated as 1% of the Beginning Fund Balance of the Wastewater O&M Fund.

[3] Interfund loan equal to \$373,467 of capital expenses outstanding from FY 2014/15 plus \$2,864,625 of capital in FY 2015/16. 2% interest, 5 year repayment.

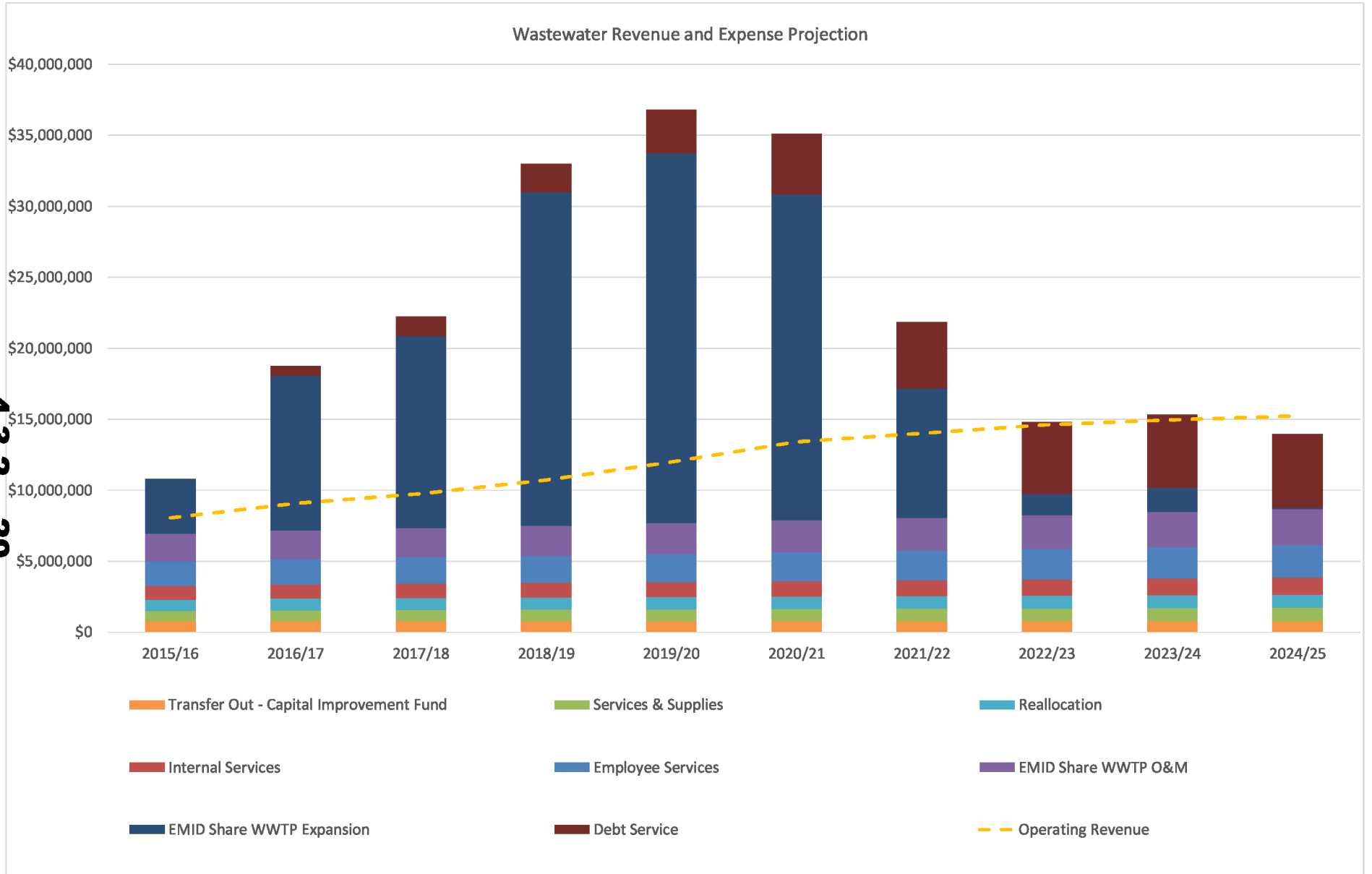
[4] 5% interest rate, 30 year repayment.

[5] 2.2% interest rate, 30 year repayment.

[6] Minimum requirement debt service coverage requirement = 1.40x

4.3.2 - 20

Wastewater Revenue and Expense Projection



Single Family Residential Monthly Sewer Rate Survey, Jan-2016

4.3.2 - 21

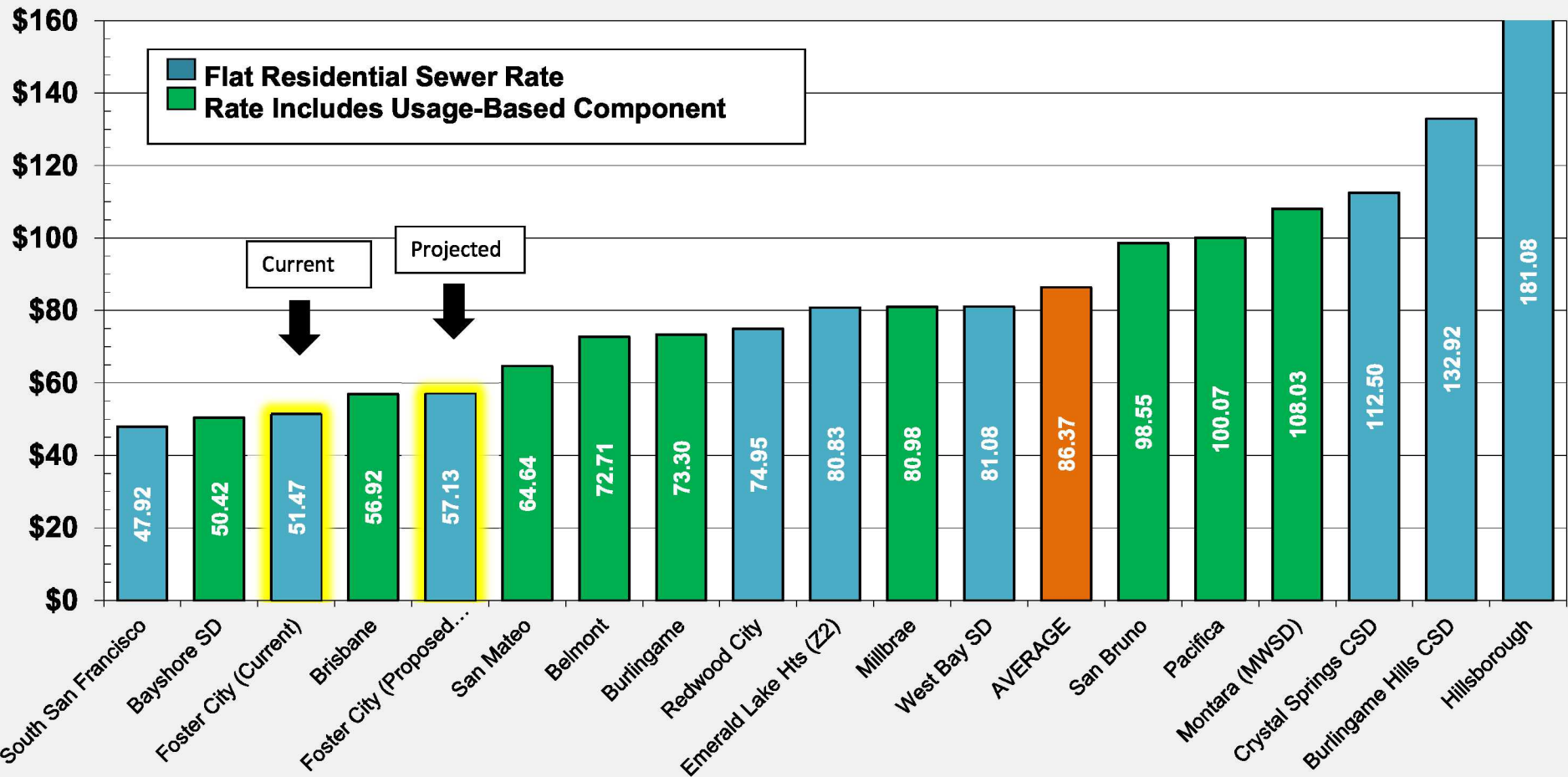
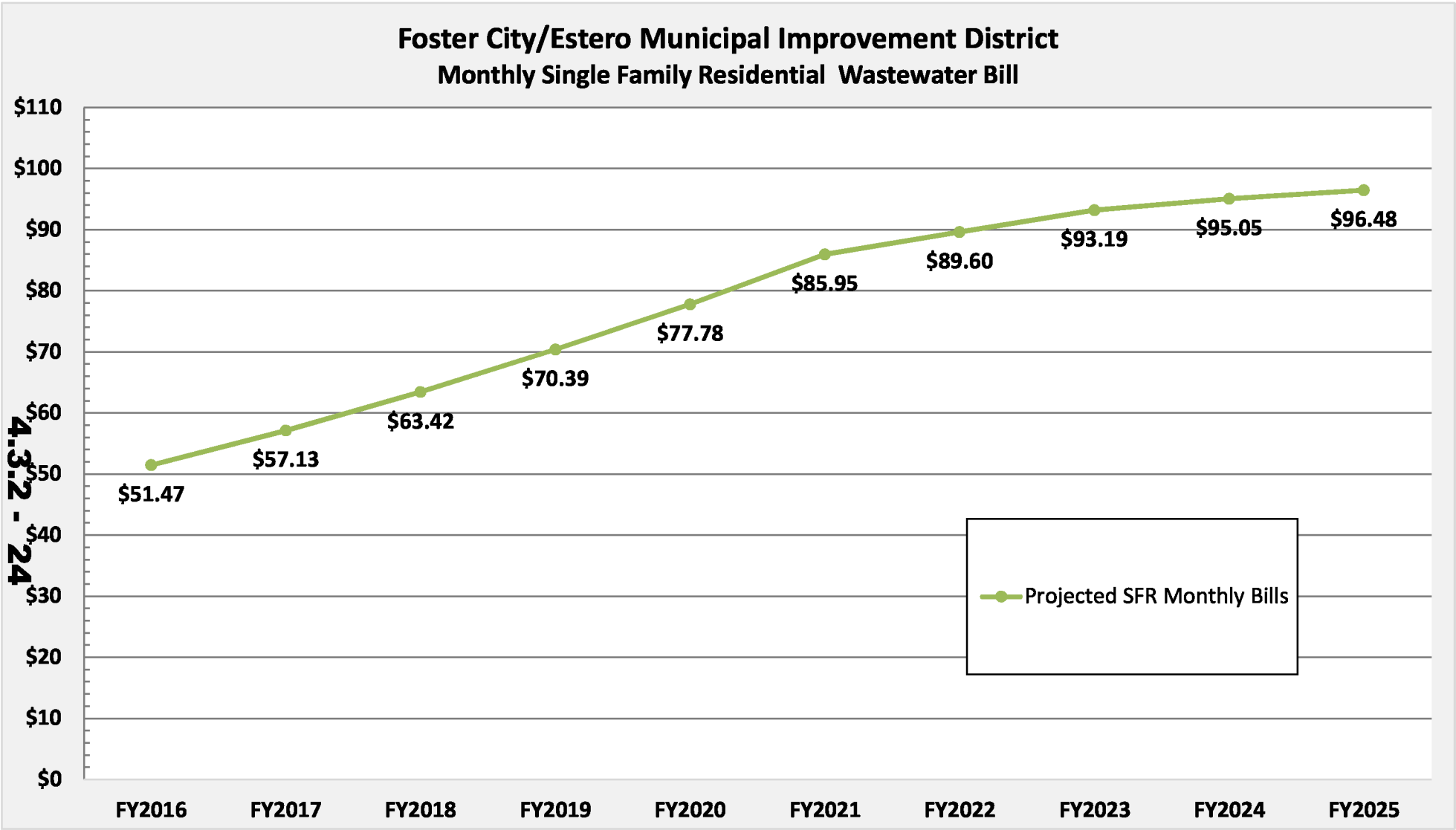


Table 10
City of Foster City / Estero Municipal Improvement District
Projected Wastewater Rate Impacts

Projected Rates	Current	Projected - Fiscal Year Ending June 30				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
		11.0%	11.0%	11.0%	10.5%	10.5%
Residential (flat monthly rate)						
Single Family	\$51.47	\$57.13	\$63.41	\$70.39	\$77.78	\$85.95
<i>Increase (Decrease)</i>		5.66	6.28	6.98	7.39	8.17
Townhouse/Duplex	\$43.23	\$47.99	53.27	59.13	65.34	72.20
<i>Increase (Decrease)</i>		4.76	5.28	5.86	6.21	6.86
Apartment/Condominium (Pools w/ Restrooms)	\$43.23	\$47.99	53.27	59.13	65.34	72.20
<i>Increase (Decrease)</i>		4.76	5.28	5.86	6.21	6.86
Commercial (rate per ccf of water use)						
High Strength	\$9.35	\$10.38	11.52	12.79	14.13	15.61
<i>Increase (Decrease) per ccf</i>		1.03	1.14	1.27	1.34	1.48
Medium/Domestic Strength	\$3.29	\$3.65	4.05	4.50	4.97	5.49
<i>Increase (Decrease) per ccf</i>		0.36	0.40	0.45	0.47	0.52
Low Strength	\$2.16	\$2.40	2.66	2.95	3.26	3.60
<i>Increase (Decrease) per ccf</i>		0.24	0.26	0.29	0.31	0.34

Table 11
City of Foster City / Estero Municipal Improvement District
Projected Wastewater Rate Impacts

Rate Change Options	Current	Projected - Fiscal Year Ending June 30				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Single Family Residential Flat Monthly Flat	\$51.47	\$57.13	\$63.41	\$70.39	\$77.78	\$85.95
\$ Increase (Decrease)		5.66	6.28	6.98	7.39	8.17
% Increase (Decrease)		11.0%	11.0%	11.0%	10.5%	10.5%





DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Edmund Suen, Finance Director
Mimi Lam, Accounting Manager

SUBJECT: Internal Service Summary and Fund Balance Analysis

RECOMMENDATION

Staff seeks reaffirmation of the City Council's policy on reserve levels and funding methodologies for its Internal Service Funds. In addition, staff seeks direction from the City Council for Staff to prepare a resolution for adoption at the June 6, 2016 City Council meeting amending the Fiscal Year 2015-2016 budget to effectuate the reallocation of surplus funds from the Vehicle Replacement Fund to the Compensated Absences Fund and Longevity Recognition Fund to meet its respective targeted levels of reserves.

EXECUTIVE SUMMARY

As can be seen in Attachment A, the Vehicle Replacement Fund, the Equipment Replacement Fund, and the PEMHCA Fund, each have projected excess reserves at the end of FY 2015-2016. However, the Compensated Absences Fund, Self-Insurance Fund, and Longevity Recognition Fund have reserves below targeted levels. The Compensated Absences Fund and Longevity Recognition Fund will need a relocation of funds to cover the deficiency while fund balance deficiency in the Self Insurance Fund will be addressed through an increase in allocations in FY 2016-2017. Since excess reserves are not restricted, and can be left in the fund or transferred between funds, staff recommends that the excess fund balance from Vehicle Replacement Fund be transferred to the Compensated Absences Fund and the Longevity Recognition Fund via a resolution at the June 6, 2016 City Council meeting.

BACKGROUND

Internal Service Funds are the mechanism by which the City reserves funding over time in preparation for known future large purchases and other future liabilities. Internal Service Funding is a conservative budgeting strategy that has helped Foster City to proactively fund necessary expenditures.

The City of Foster City has established eight (8) Internal Service Funds to which it transfers funds in preparation for future large expenses. Those funds are:

- Vehicle Replacement Fund (501) – For the purchases related to the vehicle fleet including vehicles and repair equipment.
- Equipment Replacement Fund (502) – For the purchase of operations equipment with a cost of at least \$1,000.
- Self-Insurance Fund (503) – For the costs associated with the Insurance and Risk Management program.
- Information Technology Fund (504) – For the purchase of equipment related to information technology including computers, servers, phone systems, routers, etc.
- Building Maintenance Fund (505) – For the upkeep of all City buildings, including paint, HVAC, roofing and equipment to perform building maintenance.
- Longevity Recognition Fund (507) – For the payment of Longevity Recognition Benefits post-employment benefit plans to qualified individuals.
- PEMHCA (508) – For the payment of Public Employees Medical and Hospital Care Act post-employment benefit plans to qualified individuals.
- Compensated Absences (509) – For payouts of accrued leave upon termination of employment based upon employee Memoranda of Understanding and Compensation and Benefits Plans.

Funding is set aside in these funds based on an annual analysis of fund needs. Balances are impacted by various factors, including interest accumulation on reserves, estimates of replacement values, decisions not to replace items that have been allocated in the funds, or savings on the cost of items compared to the anticipated costs.

ANALYSIS

Internal Service Fund balances are analyzed periodically to ensure that funding is adequate based upon the requirements for the fund, and also to determine the scope of any excess balances.

For FY 2016-17, the funds were analyzed at the end of February except in the case of the Longevity Recognition and PEMHCA funds in which case the current balance in the fund was considered the most conservative. From that balance, funding dedicated to the replacement of equipment or the accrued liability was subtracted. Then the reserves established by policy were applied. The resulting balance is considered the “excess reserve.”

As can be seen in Attachment A, all of the Internal Service Funds are adequately funded with the exception of the Compensated Absences Fund, Self-Insurance Fund, and Longevity Recognition Fund. The Compensated Absences Fund tends to vary from year to year depending upon actual vacation accrued, vacation time taken by staff, the number of retirements, and/or separations from service. In the case of the Vehicle Replacement Fund and the Equipment Replacement Fund, the excess reserves are

significant. In total, the analysis indicates that the City's Internal Services Funds have excess funding of approximately \$2.1 million, or 9% of the required reserve levels per the analysis.

Excess reserves can be left in the fund or transferred between funds. Since there are surpluses and deficiencies in several Funds, staff seeks direction from the City Council for Staff to prepare a resolution for adoption at the June 6, 2016 City Council meeting to amend the Fiscal Year 2015-16 budget to effectuate the reallocation of surplus funds from the Vehicle Replacement Fund to the Longevity Recognition Fund for \$235,078 and the Compensated Absences Fund for \$225,597 to meet their respective targeted levels of reserves. The reserve deficiency in the Self Insurance Fund of \$59,619 will be addressed through an increase in allocations in the FY 2016-17 budget.

Staff has implemented a 15% chargeback discount in the Vehicle Replacement Fund and Equipment Replacement Fund, as is done in the current fiscal year. This discount methodology is expected to limit the fund reserve build-up in future years. The other funds have modest excess reserves.

Fund balance analysis is an integral step in fund management and is done annually as part of the budget process.

A separate report has been prepared for each of the 8 Internal Service Funds seeking direction from the City Council for staff to prepare the 2016-17 budgets. A summary of the budget preparation direction for each of them is as follow:

- Vehicle Replacement Fund (501) – Based on the standard Vehicle Replacement Schedule, 22 vehicles are scheduled and funded for replacement in Fiscal Year 2016-17. Staff is recommending to replace 12 vehicles at an estimated cost of \$439,114 and to defer the purchase of 10 vehicles based on an assessment of vehicle performance and maintenance history. The FY 2016-17 proposed Vehicle Maintenance budget will decrease by \$203,980 or 12% from \$1,716,399 to \$1,512,419 primarily due to the reduction of vehicle replacements from \$661,265 in FY 2015-16 to \$439,114 in FY 2016-17 (see Vehicle Replacement Fund staff report and for a detailed analysis).
- Equipment Replacement Fund (502) – The proposed FY 2016-17 budget for the Equipment Replacement Fund is \$563,248, which is \$200,554 lower than the current year's budget. This is due primarily to the reduction in the items scheduled for purchases based on the Equipment Replacement schedule. (see Equipment Replacement Fund staff report for a detailed analysis). At the February 8, 2016 Budget Study Session, the City Council requested information regarding the 85% chargeback methodology and whether staff would recommend reducing the chargeback percentage to 80%. Since the Fund surplus is only at 13%, staff believes that this amount is not excessive and is therefore not prepared to recommend a chargeback reduction from 85% at this time.

- Self-Insurance Fund (503) – The City Council’s policy is to maintain a minimum Self-Insurance Fund Reserve of \$1 million. Expenditures in this fund represent ABAG Plan premiums and payments of claims below the \$100,000 liability self-insurance retention and property and vehicle damage deductibles. The proposed FY 2016-17 department assessments will increase by \$203,900 from \$395,600 to \$599,500 to account for a projected \$59,619 deficiency in the June 30, 2016 Reserve as well as expected increases in insurance premiums in FY 2016-17 (see Self-Insurance Fund staff report for a detailed analysis).
- Information Technology Fund (504) – Based on the IT Equipment Replacement Schedule, assets valued at \$393,950 are scheduled and funded for replacement in FY 2016-17. The total proposed IT budget will increase by \$303,675 or 21% from \$1,421,425 to \$1,725,100. New projects include the replacement of the current website management system (see Information Technology Fund staff report for a detailed analysis).
- Building Maintenance Fund (505) – The total proposed Building Maintenance budget will increase by \$100,131 or 6% from \$1,667,923 to \$1,768,054 (see Building Maintenance Fund staff report for a detailed analysis). Although there are no major projects planned for FY 2016-17, staff and Council have been proactively discussing the City’s aging infrastructure in the context of the City’s 50th anniversary of incorporation. Based on a preliminary analysis, staff found that there is a need to do a significant update to add assets and ensure that replacement estimates match today’s actual costs. As a result, staff will undertake a detailed analysis over the course of Fiscal Year 2016-17 and come back to Council with recommendations on required adjustments for infrastructure replacement costs.
- Longevity Recognition Fund (507) – The City Council’s policy is to fully fund the Longevity Recognition Fund’s Actuarial Accrued Liability (AAL) as determined by a biennial analysis performed by an independent actuary. Staff projects that the fund balance on 6/30/17 will be \$235,078 short of the \$2,733,000 AAL. As discussed earlier in this report, staff seeks City Council direction for staff to prepare a resolution for the June 6, 2016 City Council meeting amending the FY 2015-16 budget to effectuate a transfer of \$235,078 in surplus Vehicle Replacement funds to the Longevity Recognition Benefits Fund. In addition, although the assets of both the Longevity Recognition and PEMHCA Funds are held under a separate investment account, the general investments that are applicable for the City’s regular portfolio (e.g. U.S. Treasuries and Federal Government Agencies not exceeding a five year maturity) are also applicable for the City’s OPEB funds. As a result, investment returns will be greatly limited unless these OPEB funds are transferred into an irrevocable trust which is allowed a much broader range of investment options. In early 2016-17, staff intends to bring back to the City Council for consideration the option of transferring these OPEB funds into an irrevocable trust. (see Longevity Recognition Fund and PEMHCA Fund staff report for a detailed analysis).

- PEMHCA Fund (508) – The City Council's policy is to fully fund the Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund's Actuarial Accrued Liability (AAL) as determined by a biennial analysis performed by an independent actuary. Based on a projected 6/30/17 Fund Balance of \$5,841,685, the Fund is \$152,685 higher than the AAL and adequately funded. (see Longevity Recognition Fund and PEMHCA Fund staff report for a detailed analysis).
- Compensated Absences (509) – The City Council's Policy is to fully fund the Compensated Absences Fund based on the accrued liability of employee leave balances. Based on a current analysis of employees' leave balances as of 2/15/2016, the Fund is projected to be \$225,597 deficient by June 30, 2016. As indicated earlier in the report, staff is projecting that the Vehicle Fund will be overfunded by \$1,367,362 on June 30, 2016. Staff seeks City Council direction for staff to prepare a resolution for the June 6, 2016 City Council meeting amending the FY 2015-16 budget to effectuate a transfer of \$225,597 in surplus Vehicle Replacement funds to the Compensated Absences Fund (see Compensated Absences staff report for a detailed analysis).

ATTACHMENTS

- Analysis of Internal Service Funds Balances

Vehicle Maintenance Equipment Replacement Fund Budget Comparison

Account	Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4384 Capital Outlay - Vehicles to be Replaced	661,265	439,114	(222,151)	1
4384 Vehicles Replacement Contingency	50,000	50,000	-	
4385 Capital Outlay - Equipment to be Replaced	-	5,926	5,926	2
4110 Salaries	277,200	278,000	800	3
4112 Overtime	1,000	1,000	-	
4120 Benefits	151,700	136,300	(15,400)	4
4520 Compensated Absences	930	4,100	3,170	5
4556 Equipment Replacement	11,289	5,960	(5,329)	6
4557 IT Services	11,465	12,769	1,304	7
4562 Insurance	53,700	81,400	27,700	8
4243 Small Tools	1,200	1,200	-	
4246 Fuel and supplies	471,000	471,000	-	9
4247 Rental	800	800	-	
4248 Radio Maintenance	4,000	4,000	-	
4251 Vehicle Maintenance	19,100	19,100	-	
4253 Dues	500	500	-	
4254 Conferences	500	500	-	
4255 Training	750	750	-	
	<u>1,716,399</u>	<u>1,512,419</u>	<u>(203,980)</u>	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 Capital Outlay - Vehicles to be Replaced	(222,000)
Changes in Vehicles to be Replaced are based on vehicles scheduled for replacements in a given year, as adjusted by an assessment of vehicle performance and maintenance history. Detailed replacement lists are available as attachments to the Vehicle Replacement Fund Staff Report.	
Note 2 Capital Outlay - Equipment to be Replaced	6,000
Necessary equipment for vehicle related repairs.	
Note 3 Salaries	1,000
No overall Department personal changes (moved 50/50 B/V out of VM), contractual COLA 2% and adjustment due to salary steps.	
Note 4 Benefits	(15,000)
Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc.)	
Note 5 Compensated Absences	3,000
Increase based on historical usage.	
Note 6 Equipment Replacement	(5,000)
Change to reflect 2015-16 actual.	
Note 7 IT Services	1,000
Small change to reflect 2015-16 actual	
Note 8 Training	28,000
Based on requirement through City's self-insurance	
There are no projected increases in fuel costs for FY 2016/17. The average fuel cost for unleaded was \$2.40 and \$2.14 respectively for the period from Jan. 2015 to Jan. 2016	
Note 9 Net Increase	<u>(203,000)</u>

Equipment Replacement Fund - General Fund Budget Comparison

Asset Category	Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4385 Capital Outlay	697,532	513,248	(184,284)	1
4385 Emergency Replacement	50,000	50,000	-	
4246 Tools and Equipment	16,270	-	(16,270)	1
	<u>763,802</u>	<u>563,248</u>	<u>(200,554)</u>	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000 (201,000)
Note 1 Capital Outlay and Tools and Equipment	
Changes in Equipment Replacement costs are due entirely to the items scheduled for purchase in a given year. Detailed replacement lists are available as attachments to the Equipment Replacement Fund Staff Report.	
	<u>(201,000)</u>

Self-Insurance Fund

Budget	Projected FY 2015-16	Proposed FY 2016-17	Increase (Decrease)	Notes
Revenues				
General Fund - City Manager's Dept	175,900	266,500	90,600	
Vehicle Replacement Fund	53,700	81,400	27,700	
Water Fund	83,000	125,800	42,800	
Wastewater Fund	83,000	125,800	42,800	
Interest Income	10,000	10,000	-	
Total Revenues	405,600	609,500	203,900	1
Expenditures				
SIR New Claims	10,000	30,000	20,000	2
SIR Existing Claims	90,000	90,000	-	2
Liability Premium	269,296	309,690	40,394	3
All Risk and Bond Premium	65,323	75,122	9,799	3
Supplies and Services	730	730	-	
Total Expenditures	435,349	505,542	70,193	
Surplus (Deficit)	(29,749)	103,958	133,707	
Fund Balance, 6/30/15	970,130			
Projected Fund Balance, 6/30/16	940,381	940,381		
Projected Fund Balance, 6/30/17		1,044,339		

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Total Revenues)	
The increase of \$203,900 for the Self-Insurance Fund is due to a 15% increase in the insurance premiums (General Liability, Bond and Risk) over the actual premiums for FY 2015-16, increased costs to settle new and existing claims with a third party administrator and the additional revenue necessary to bring the reserve to \$1 million.	203,900
Note 2 (Claims expenditures)	
Average claims administration costs utilizing a third party claims administrator and the City's claims experience have increased.	20,000
Note 3 (Liability, All Risk, and Fidelity Bond insurance premium)	
The actual FY 2015-2016 premiums for all insurance were 10% higher than the ABAG estimate. ABAG has now recommended budgeting 15% above the FY 2015-2016 premium for FY 2016-2017.	50,193

Information Technology Fund Comparison

Account	Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4388 Capital Outlay	262,925	393,950	131,025	1
4110 Salaries	414,700	446,000	31,300	2
4120 Benefits	174,500	188,200	13,700	3
4520 Compensated Absences	1,400	6,300	4,900	4
4240 Contingency Replacement	50,000	50,000	-	5
4241 Copies	500	750	250	6
4242 Postage	300	300	-	7
4243 Office Supplies	400	400	-	8
4245 Tools and Equipment	7,000	67,000	60,000	9
4246 Maintenance	332,500	383,000	50,500	10
4248 Utilities and Communications	85,000	88,000	3,000	11
4251 Consulting and Contracting	55,000	60,000	5,000	12
4253 Memberships and Dues	700	700	-	13
4254 Travel, Conferences, and Meetings	3,000	6,000	3,000	14
4255 Training	6,500	12,500	6,000	15
4259 Misc Software and Hardware	27,000	22,000	(5,000)	16
	<u>1,421,425</u>	<u>1,725,100</u>	<u>303,675</u>	

Detailed Analysis:		Increase (Decrease) Rounded to nearest \$1,000
Note 1	Capital Outlay \$290,000 is in carryovers for 3 projects. So NEW Capital Outlay (which all comes out of the already accrued replacement funds) is actually only \$103,950 which is \$158,000 less than last year New Projects include a replacement of our website management software System and Financial System RFP Development	131,000
Note 2	Salaries No personal changes, contractual COLA 2% and adjustment due to salary steps, as well as \$15,000 for PT Website Intern	31,000
Note 3	Benefits Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc) and \$5,000 for PT Website intern.	14,000
Note 4	Compensated Absences Increase based on historical usage.	5,000
Note 5	Contingency Replacement Unchanged, and unused in 2015-16	-
Note 6	Copies Small change to reflect 2015-16 actual	-
Note 7	Postage Unchanged	-
Note 8	Office Supplies Unchanged	-
Note 9	Tools and Equipment Website replacement project added - this was not accrued in replacement fund	60,000
Note 10	Maintenance Additions include SeeClickFix (7,000), Disaster Recovery Solutions (20,000), and an increase to GIS Software maintenance (27,000). Some decreases in other items, though	51,000
Note 11	Utilities and Communications Small change to reflect 2015-16 actual	3,000
Note 12	Consulting and Contracting Addition of Consulting for ERP RFP Development (30,000), removal of Business Continuity Consulting (25,000)	5,000
Note 13	Memberships and Dues Unchanged	-
Note 14	Travel, Conferences, and Meetings Added additional staff to travel to SunGard conference for new Permitting Software	3,000
Note 15	Training Added more funding for IT Technical Training	6,000
Note 16	Misc Software and Hardware Removed additional funding for Signage and Kiosks	(5,000)
	Net Increase	<u>304,000</u>

Building Maintenance Equipment Replacement Fund Comparison

Account		Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4385	Capital Outlay	158,750	57,500	(101,250)	1
4110	Salaries	348,500	350,800	2,300	2
4112	Overtime	2,160	5,000	2,840	3
4120	Benefits	191,100	172,300	(18,800)	4
4520	Compensated Absences	1,200	5,178	3,978	5
4544	Vehicle Replacement	28,118	46,003	17,885	6
4556	Equipment Replacement	23,511	27,584	4,073	7
4557	IT Services	26,751	29,795	3,044	8
4243	Department Supplies	3,000	5,840	2,840	9
4246	Maintenance	207,955	249,455	41,500	10
4248	Citywide Utilities and JUA Utilities	426,817	461,817	35,000	11
4251	Contractual Services	249,561	355,142	105,581	12
4254	Travel, Conferences, and Meetings	500	2,000	1,500	13
		<u>1,667,923</u>	<u>1,768,414</u>	<u>100,491</u>	

Detailed Analysis:		Increase (Decrease) Rounded to nearest \$1,000
Note 1	Capital Outlay Changes in Building Maintenance Equipment Replacement costs are based on items scheduled for purchase in a given year. Detailed replacement lists are available as attachments to the Building Maintenance Equipment Replacement Fund Staff Report.	(101,000)
Note 2	Salaries No overall Department personal changes (moved 50/50 B/V to 100% BM), contractual COLA 2% and adjustment due to salary steps; some savings associated with retirement and salary step.	2,000
Note 3	Overtime Accounts for increase in OT based on historical use for emergency call-backs and extended hours.	3,000
Note 4	Benefits Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc.)	(19,000)
Note 5	Compensated Absences Increase based on historical usage.	4,000
Note 6	Vehicle Replacement Increase based on scheduled vehicle replacement which is being purchased; purchasing two transits for same cost as one box truck which will make staff more mobile and efficient.	18,000
Note 7	Equipment Replacement Change to reflect 2015-16 actual	4,000
Note 8	IT Services Unchanged	3,000
Note 9	Department Supplies Adjusted to reflect 2015-16 actual, related to stocking of basics, ex. lights, batteries, extension cords, etc.	3,000
Note 10	Maintenance Increased to reflect actual costs as a result of no increase to line item budget in 7+ years: work order materials (\$10,000); FD automatic door (\$5,000); janitorial supplies (\$4,000); standby generator maintenance (\$12,500); sustainability projects (\$10,000).	42,000
Note 11	Citywide Utilities and JUA Utilities Based on historical actual to reflect increases in utility rates, ex. water, gas, electric; budget has not been increased in 7+ years.	35,000
Note 12	Contractual Services Increases include costs associated with citywide janitorial services related to mandated healthcare rate increases and minimum wage (\$85,581) and new maintenance required for solar panels at the Library/Community Center (\$20,000).	105,000
Note 13	Travel, Conferences, and Meetings Allows for a rotational training of staff, ex. two staff each year can attend training in the amount of \$1,000 each, which is approximately consistent across the Parks and Recreation Department division training budgets.	1,000
	Net Increase	<u>100,000</u>

Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund and Longevity Recognition Benefits Fund
(Longevity) Budget Comparison

	Projected FY 2015/16	Proposed FY 2016/17	Increase (Decrease)	Notes
PEMHCA				
Fund Balance, Beginning of Year	6,076,685	5,939,685	(137,000)	
Investment Income	-	58,000	58,000	1
Benefit Payments	(137,000)	(156,000)	(19,000)	2
Projected Fund Balance, End of Year	5,939,685	5,841,685	(98,000)	
Actuarial Accrued Liability (AAL) at the end of the fiscal year	5,689,000	5,689,000	-	
Surplus (Deficiency)	250,685	152,685	(98,000)	
Longevity Recognition Benefits Fund				
Fund Balance, Beginning of Year	2,746,922	2,615,922	(131,000)	
Investment Income	-	25,000	25,000	3
Benefit Payments	(131,000)	(143,000)	(12,000)	4
Projected Fund Balance, End of Year	2,615,922	2,497,922	(118,000)	
Actuarial Accrued Liability (AAL) at the end of the fiscal year	2,733,000	2,733,000	-	
Surplus (Deficiency)	(117,078)	(235,078)	(118,000)	

Detailed Analysis:		Increase (Decrease) Rounded to nearest \$1,000
Note 1 (PEMHCA)		
Investment income assumes a 1% ROI in FY 16/17. No investment income is projected for FY 15/16 as the current fixed income portfolio is only expected to break even for the year.		58,000
Note 2 (PEMHCA)		
Increase in projected benefit payments as provided by Bartel Associates June 30, 2015 Actuarial Valuation Report		19,000
Note 3 (Longevity)		
Investment income assumes a 1% ROI in FY 16/17. No investment income is projected for FY 15/16 as the current fixed income portfolio is only expected to break even for the year.		25,000
Note 4 (Longevity)		
Increase in projected benefit payments as provided by Bartel Associates June 30, 2015 Actuarial Valuation Report		12,000

Compensated Absences Comparison

	Projected FY 2015/16	Proposed FY 2016/17	Increase (Decrease)	Notes
General Fund				
Fund Balance, Beginning of Year	2,213,090	2,351,858	73,975	
Assessments charged	78,900	225,850	153,165	1
Transfer In From Vehicle Replacement Fund	225,597	-	(235,611)	2
Benefit Payments	(165,729)	(225,850)	147,239	3
Projected Fund Balance, End of Year	2,351,858	2,351,858	138,768	
Projected Liability	2,351,858	2,351,858	138,768	4
Surplus (Deficiency)	-	-	-	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Assessments charged)	
Assessments charged to departments are increased from 0.35% to 1.50% based on an analysis of historical benefit payouts	153,000
Note 2 (Transfer In from Vehicle Replacement Fund)	
Assumes City Council authorization is granted for the transfer of surplus reserves in the Vehicle Replacement Fund in FY 2015/16 to address deficient reserve balance in the Compensated Absences Fund. No Transfer In is included in FY 16/17 as assessment rate for that year has been increased to better reflect assessment level needed to pay the estimated benefit payments for that year	(236,000)
Note 3 (Benefit Payments)	
Projected benefit payment for FY 2016/17 reflects an updated analysis of historical benefit payouts	147,000

**City of Foster City
Analysis of Internal Service Funds Balances
As of June 30, 2016**

	501 Vehicle Replacement Fund	502 Equipment Replacement Fund	503 Self- Insurance Fund	504 Information Technology Fund	505 Building Maintenance Fund	507 Longevity Recognition Fund	508 PEMHCA Fund	509 Compensated Absences	Total
Fund Balance Analysis									
Estimated Ending Fund Balance at 6/30/2016 ¹	\$ 4,615,672	\$ 5,319,124	\$ 940,381	\$ 3,044,797	\$ 1,570,862	\$ 2,497,922	\$ 5,841,685	\$ 2,126,261	\$ 25,956,704
Funds required per respective analyses ²	\$ 3,148,510	\$ 4,627,877	\$ 1,000,000	\$ 2,724,593	\$ 1,182,341	2,733,000	5,689,000	\$ 2,351,858	23,457,179
Projected funds available (required) at 6/30/2016 before minimum reserves	1,467,162	691,247	(59,619)	320,204	388,521	(235,078)	152,685	(225,597)	2,499,525
Equipment Replacement Reserves (minimum \$100,000 per fund)	(100,000)	(100,000)	-	(100,000)	(100,000)	-	-	-	(400,000)
Fund Surplus (Deficit) available after Equipment Replacement Reserves	\$ 1,367,162	\$ 591,247	\$ (59,619)	\$ 220,204	\$ 288,521	\$ (235,078)	\$ 152,685	\$ (225,597)	\$ 2,099,525
Fund Reallocation To (From) Internal Service Funds	(460,675)	-	-	-	-	235,078	-	225,597	\$ -
Adjusted Excess (Deficient) Reserves After Transfers	\$ 906,487	\$ 591,247	\$ (59,619)	\$ 220,204	\$ 288,521	\$ -	\$ 152,685	\$ -	\$ 2,099,525

1 - Estimated fund balances per financial review as of 2/29/16. For the Longevity Recognition and PEMHCA Funds, the amount represents the estimated Fund Balance as of 6/30/17.

2 - For Funds 501, 502, 504 and 505, this amount is equivalent to the required reserves committed to fund asset replacements as of June 30, 2016

For Fund 503 (Self-Insurance), the targeted reserve is \$1 million an annual basis. Since there is a projected balance of \$940,381 as of 6/30/16, the difference of \$59,619 will be recovered through higher department assessments in FY 2016-2017

For Fund 507 (Longevity Recognition), this represents the projected unfunded benefit obligation as of June 30, 2016 per the June 30, 2015 Actuarial Valuation Report.

For Fund 508 (PEMHCA), this represents the projected unfunded benefit obligation as of June 30, 2016 per the June 30, 2015 Actuarial Valuation Report.

For Fund 509 (Compensated Absences), this represents the accrued liability for compensated absences in the General Fund per staff analysis performed in February 2016.



Date: March 28, 2016

To: Mayor and Members of the City Council

Via: Kevin M. Miller, City Manager

From: Jennifer Liu, Director of Parks and Recreation
Kurt Zander, Building and Vehicle Maintenance Manager

Subject: Vehicle Replacement Fund Overview and Internal Service Fund
Allocations Fiscal Year 2016-2017

The mission and goal of the Vehicle Replacement Fund is to provide management, maintenance, and inspection of all City/District vehicles. The maintenance program's focus is to provide an efficient and safe vehicle fleet through established vehicle maintenance procedures. Our Vehicle Replacement Fund provides for the replacement of vehicles in a timely manner that allows us to accomplish our goal. The maintenance program utilizes various factors when evaluating the condition of a vehicle and its schedule for replacement. They include:

- Maintenance record of the vehicle
- Idling time and type of use of the vehicle
- Mileage on vehicle
- Vehicle condition of body, paint, and interiors
- Type of use, for instance, Public Safety/Maintenance/Duty or Pool car

Staff evaluates all criteria at the time the vehicle is scheduled to be replaced. Safety is never compromised in these evaluations no matter what the age of the vehicle or its scheduled replacement date.

The Vehicle Replacement Fund is handled as an internal service fund where each department is charged the replacement cost of its vehicles based on their scheduled replacement date. This ensures that the funds are available at the time the department vehicles are scheduled to be replaced. Replacement costs that are incorporated into the replacement schedule include the costs to put the vehicle in operation so it is fully functional, thus vehicle replacement costs include items such as radios, lights, utility boxes, bed liners, etc. The Vehicle Replacement Fund is a sound financial and responsible budget approach to maintaining a safe, well-maintained vehicle fleet.

Current standard vehicle replacement schedules:

- Police cruisers 5 years
- Police motorcycles 6 years
- All city sedans 6-7 years
- City Public Works and Parks Maintenance trucks and tractors 8-13 years
- CARES Vehicle (Mobile EOC) 16 years
- Fire trucks/Engines 16 years

Based on the standard vehicle replacement schedule, 22 vehicles would be scheduled and funded for replacement in Fiscal Year 2016-17. Staff is recommending to replace 12 vehicles and to defer the purchase of 10 vehicles based on an assessment of vehicle performance and maintenance history.

Vehicles for Purchase

DEPARTMENT	VEHICLE #	CURRENT MILEAGE	MODEL	YEAR PURCHASED	ESTIMATED REPLACEMENT COST
Police	26-25	33,000	Toyota Prius ¹	2009	\$29,810
Parks & Recreation	78	26,000	Ford Freestar Van	2005	\$27,602
Parks & Recreation	52	67,855	Ford F-250	2007	\$38,643
Parks & Recreation	66	27,000	Ford E-450 ²	2001	\$49,684
Community Development	79	66,746	Toyota Prius	2005	\$29,810
Public Works	20	55,200	Ford F-350	2006	\$41,955
Public Works	21	54,000	Ford F-350	2006	\$41,955
Public Works	24	70,000	Ford Ranger	2007	\$23,303
Public Works	38	18,000	Ford F-350 ³	1999	\$54,122
Public Works	11	36,000	Ford Ranger	2007	\$26,520
Public Works	31	65,000	Ford F-350	2006	\$45,900
Fire	45-97	17,000	Ford Taurus	2006	\$29,810
Total					\$439,114

¹ Vehicle 26-25 will be replaced with a Ford Fusion or equivalent.

² Vehicle 66 will be replaced with two Ford Transits as discussed on page 4.

³ Vehicle 38 is a camera van for checking sewer lines for cracks or debris.

Vehicles to be Deferred

DEPARTMENT	VEHICLE#	CURRENT MILEAGE	MODEL	MODEL YEAR	ESTIMATED REPLACEMENT COST
Parks & Recreation	68	40,000	Ford F-250	2006	\$31,533
Police	26-03	50,000	Crown Victoria	2011	\$39,073
Police	26-28	23,000	Ford E-250 Van	2007	\$28,862
Public Works	3	24,500	Toyota Prius	2008	\$30,406
Public Works	4	11,600	Ford Ranger	2009	\$24,244
Public Works	16	21,802	Hoist Truck	2002	\$56,308
Public Works	23	24,962	Dump Truck	2001	\$146,401
Public Works	30	36,500	Ford F-350	2007	\$46,818
Public Works	34	6,400	Ford E-350 KUV Body	2006	\$42,794
Public Works	37	44,000	Ford F-350	2009	\$42,794
Total					\$489,234

Internal Service Fund Budget Analysis

The 12% decrease to the total Vehicle Maintenance budget is due mainly to a reduction in the number and type of non-shared vehicles being recommended for replacement in FY 2016-2017 versus FY 2015-2016. In FY 2015-2016, the Public Works Sewer Vac alone accounted for \$308,000 of budgeted replacement whereas all of the vehicles recommended for replacement in FY 2016-17 are light- to moderate-duty work vehicles.

Staff routinely monitors the fund balances to ensure that adequate funds are available (see Analysis of Internal Service Funds Balances in separate report). According to the mid-year fund balance calculations from the Finance Department, by the end of FY 2015-2016, the Vehicle Replacement Fund is expected to have a balance of \$4,615,672. The amount directly attributable to the replacement of identified equipment through the end of FY 2015-16 is \$2,711,080, and the contingency reserve in the fund is \$100,000 leaving an excess available balance of \$1,804,592 which approximately 64% more than is required based on the current replacement schedule.

The impact of replacement charges on the General Fund budget increased 5.1% overall in Fiscal Year 2016-2017.

Vehicle Fleet Changes

In FY 2015-16 the Vehicle Maintenance Division maintained 86 vehicles (as well as approximately 400 pieces of small equipment). In an effort to appropriately reflect City operations and programs, the Vehicle Maintenance Division is recommending the following changes to the City vehicle fleet

Department	Current Vehicle	Proposed Vehicle	Justification	Net Change Fleet Count
Fire	Ford Taurus	Ford F-250	Former Fire Prevention Taurus will be replaced with truck for hauling CERT equipment	0
Parks and Recreation	Ford E-450 \$45,000	Two (2) Ford Transits \$40,000	Will improve Building Maintenance response time; improve fuel efficiency; and better matches current operation	+1 \$5,000 savings
Community Development	Prius	Prius	Existing vehicle returned to fleet for temporary Building Inspection staff in Community Development Department. Improves Building Inspector responsiveness.	+1
PW	Ford E-350	Ford E-350 (with modified interior)	Modifying existing vehicle to conform with standards of Mutual Aid Agreement	0

With the addition of two (2) vehicles shown in the table above, the total vehicle fleet will increase from 86 to 88 vehicles for Fiscal Year 2016-17.

The City vehicle fleet continues to “go green.” The vehicle inventory now includes five Toyota Prius and two Ford Escape hybrids and one Ford Focus Electric vehicle. The increase in the number of hybrid vehicles in the fleet along with the reduction in overall vehicles has resulted in unleaded fuel savings of approximately 6,280 gallons over the past three fiscal years.

The City vehicle fleet is a fluid operation which provides staff with the tools and resources to effectively carry out City services. Staffing levels have a direct correlation to the life expectancy of a vehicle. The Vehicle Maintenance Division is constantly evaluating all aspects of City fleet effectiveness. For example:

- Life expectancy
- Fuel efficiency and sustainability
- Lighting
- Integrated technology
- Safety
- Customization to suit user and operation

Vehicle Maintenance operations are not taken lightly and staff takes every effort to manage these valuable resources.

Staff will continue to monitor volatile diesel fuel costs, but we are not recommending an increase to the unleaded or diesel fuel budget at this time. Following is the average fuel cost per gallon, January 2015 - January 2016:

Unleaded:	\$2.40
Diesel:	\$2.14

Attachments:

- Vehicle Replacement Fund Budget Narrative
- Draft Fiscal Year 2016-2017 Operating Budget – Vehicle Maintenance Fund
- Internal Service Charges Allocation Summary Fiscal Year 2016-2017
- Vehicles to be Replaced/Equipment to be Replaced – Fiscal Year 2016-2017
- Vehicles Added or Deleted – Fiscal Year 2016-2017
- Changes to Estimated Useful Lives – Fiscal Year 2016-2017
- Changes to Replacement Values – Fiscal Year 2016-17
- Vehicle Maintenance Equipment Replacement Fund Budget Comparison

Vehicle Replacement Fund

The mission of the Vehicle Replacement Fund, operated by the Vehicle Maintenance Division of the Parks and Recreation Department, is to provide management, maintenance, and inspection of all City/District vehicles and equipment. The Division continues to develop ongoing maintenance programs for City vehicles and works to develop a cost-effective inventory system. Providing an efficient and safe vehicle fleet is emphasized while the utilization of a biannual vehicle inspection program assists the Department in accomplishing this goal.



PROPOSED SERVICE LEVELS

The Vehicle Maintenance Division will supervise and conduct an ongoing maintenance program for City/District vehicles and equipment, and will manage the vehicle replacement schedule and fund. The Division staff reflects 15% of time from the Director of Parks and Recreation, 50% of time from the Building/Vehicle Manager, one Mechanic I, and one Small Engine Mechanic.

CHANGES IN RESOURCES REQUIRED

Personnel

No change.

Services and Supplies

No change.

Capital Outlay

Existing vehicles scheduled for replacement are included in Capital Outlay. No new vehicles are recommended.

Internal Services Charges

Vehicle replacement internal service charges were updated based on reassessment of the existing fleet as to useful life and replacement value, considering anticipated replacements of existing vehicles for FY 2016-17.



Vehicle Replacement Fund

Beginning FY 2014-15, the replacement charge methodology was changed such that only 85% of the total projected replacement cost is charged back to departments. Because the annual replacement charge calculation does not take into consideration interest earnings and cost savings associated with purchases, this fund tends to experience a growing reserve balance to accomplish the necessary vehicle purchases. Staff believes this is a sustainable and reasonable approach to implement on an on-going basis, and staff will continue to monitor the fund balance reserve to ensure that adequate funding remains in the fund.

Detail Line Item Report

Budget Home

VEHICLE RENTAL FUND

PARKS & RECREATION - Vehicle Maintenance
0560-431

Account: 501-

Division Notes
(6)

Add Division
Note

Revenue Add Revenue

	Approved 2015-2016	Requested 2016-2017
Revenue Total		\$0.00

Expenditures

Add Exception Request **Capital Outlay** Add Line Item

		Approved 2015-2016	Requested 2016-2017
501-0560-431-4384	VEHICLE REPLACEMENT CONTINGENCY Add Item Note	\$50,000.00	\$50,000.00
501-0560-431-4384	VEHICLES TO BE REPLACED Add Item Note	\$661,265.00	\$439,114.00
	Subtotal	\$711,265.00	\$489,114.00
501-0560-431-4385	EQUIPMENT REPLACEMENT - AIR COMPRESSOR Add Item Note	\$0.00	\$5,926.00
	Subtotal	\$0.00	\$5,926.00
	Capital Outlay Total	\$711,265.00	\$495,040.00

Add Exception Request **Employee Services** Add Line Item

		Approved 2015-2016	Requested 2016-2017
501-0560-431-4110	PERMANENT SALARIES Add Item Note	\$277,200.00	\$278,000.00
	Subtotal	\$277,200.00	\$278,000.00
501-0560-431-4112	OVERTIME Add Item Note	\$1,000.00	\$1,000.00
	Subtotal	\$1,000.00	\$1,000.00
501-0560-431-4120	FRINGE BENEFITS Add Item Note	\$151,700.00	\$136,300.00
	Subtotal	\$151,700.00	\$136,300.00
	Employee Services Total	\$429,900.00	\$415,300.00

Add Exception Request **Internal Services** Add Line Item

		Approved 2015-2016	Requested 2016-2017
501-0560-431-4520	COMPENSATED ABSENCES Add Item Note	\$930.00	\$4,100.00
	Subtotal	\$930.00	\$4,100.00

4.4.2 - 8

501-0560-431-4556	EQUIPMENT REPLACEMENT	Add Item Note	\$11,289.00	\$5,960.00
			Subtotal	\$11,289.00
501-0560-431-4557	INFORMATION TECHNOLOGY SERVICES	Add Item Note	\$11,465.00	\$12,769.00
			Subtotal	\$11,465.00
501-0560-431-4562	INSURANCE	Edit Item Note	\$53,700.00	\$81,400.00
			Subtotal	\$53,700.00
			Internal Services Total	\$77,384.00
				\$104,229.00

Add Exception Request **Services and Supplies** Add Line Item

			Approved 2015-2016	Requested 2016-2017
501-0560-431-4243*	BOOTS/UNIFORMS	Add Item Note	\$600.00	\$600.00
501-0560-431-4243*	OFFICE & JANITORIAL SUPPLIES	Add Item Note	\$200.00	\$200.00
501-0560-431-4243*	SMALL TOOLS	Add Item Note	\$400.00	\$400.00
			Subtotal	\$1,200.00
501-0560-431-4246*	AUTO PARTS	Add Item Note	\$30,000.00	\$30,000.00
501-0560-431-4246*	DIESEL FUEL	Edit Item Note	\$56,000.00	\$56,000.00
501-0560-431-4246*	FIRE APPARATUS - REPAIR/PM	Edit Item Note	\$57,500.00	\$57,500.00
501-0560-431-4246*	GASOLINE	Edit Item Note	\$260,000.00	\$260,000.00
501-0560-431-4246*	RECYCLING, TIRES DISPOSAL, BATTERIES, FILTERS	Add Item Note	\$2,500.00	\$2,500.00
501-0560-431-4246	RETROFIT EXHAUST SYSTEMS ON DIESEL VEHICLES	Add Item Note	\$10,000.00	\$10,000.00
501-0560-431-4246*	TIRES (REPLACEMENT, REPAIR, FRONT END WORK)	Add Item Note	\$20,000.00	\$20,000.00
501-0560-431-4246*	VEHICLE REPAIRS	Add Item Note	\$32,000.00	\$32,000.00
501-0560-431-4246*	WASH, DETAIL, TOUCH UP STAFF VEHICLES	Add Item Note	\$3,000.00	\$3,000.00
			Subtotal	\$471,000.00
501-0560-431-4247	RENTAL OF MISCELLANEOUS EQUIPMENT	Add Item Note	\$800.00	\$800.00
			Subtotal	\$800.00
501-0560-431-4248	RADIO MAINTENANCE	Add Item Note	\$4,000.00	\$4,000.00
			Subtotal	\$4,000.00
501-0560-431-4251*	BIENNIAL VEHICLE INSPECTION & SUPPLIES	Add Item Note	\$3,500.00	\$3,500.00

4.4.2 - 9

501-0560-431-4251	FIRE VEHICLE PREVENTIVE MAINTENANCE	Edit Item Note	\$15,600.00	\$15,600.00
		Subtotal	\$19,100.00	\$19,100.00
501-0560-431-4253	NATIONAL AUTOMOBILE FLEET ASSOCIATION (NAFA)	Add Item Note	\$500.00	\$500.00
		Subtotal	\$500.00	\$500.00
501-0560-431-4254	FLEET MAINTENANCE/NOR CAL CONFERENCES	Add Item Note	\$500.00	\$500.00
		Subtotal	\$500.00	\$500.00
501-0560-431-4255	FORD & TOYOTA DIAGNOSTIC CERT TRAINING	Add Item Note	\$750.00	\$750.00
		Subtotal	\$750.00	\$750.00
	Services & Supplies Total		\$497,850.00	\$497,850.00
	Vehicle Maintenance Total - Before Reallocation		\$1,716,399.00	\$1,512,419.00

Add Exception Request **Reallocation** Add Line Item

	Approved 2015-2016	Requested 2016-2017
Reallocation Total	\$0.00	\$0.00
Vehicle Maintenance Total	\$1,716,399.00	\$1,512,419.00

[Budget Home](#)

Vehicle Replacement Fund
Internal Service Charges Allocation
For fiscal year beginning July 1, 2016

Total Operating Costs	\$	1,512,419
less Capital Outlay	\$	(495,040)
less Contingency	\$	(50,000)
add Contingency used in 15-16	\$	50,000
less Equipment Replacement	\$	(5,960)
less Fire Maintenance costs	\$	(73,100)
Net Operating Costs to Allocate	\$	938,319

<-- This amount agrees to the line item detail in the budget (attached).

Department / Division	# of Vehicles	%	Operating Cost Allocation	Fire Apparatus Maintenance Charges	Equipment Replacement Charges	Vehicle Replacement Charges (85%)	Total Vehicle Replacement Charge before reallocation of Vehicle ISF Charge	Vehicle Division ISF Charge Reallocation	Final Vehicle Replacement Charge for FY 2016-17	GF Impact	Final Vehicle Replacement Charge for FY 2015-16	Increase (Decrease)
City Manager Admin	1.0	1.1%	\$ 10,662.72			5,195.72	\$ 15,858.44	\$ 297.62	\$ 16,156	\$ 11,309	\$ 15,967	189
Rec Admin	3.0	3.4%	\$ 31,988.15			8,349.88	\$ 40,338.03	\$ 757.04	\$ 41,095	\$ 41,095	\$ 39,439	1,656
Parks Maintenance	17.0	19.3%	\$ 181,266.17			81,847.75	\$ 263,113.92	\$ 4,937.96	\$ 268,052	\$ 268,052	\$ 264,975	3,077
Building Maintenance	3.0	3.4%	\$ 31,988.15			13,167.15	\$ 45,155.30	\$ 847.45	\$ 46,003	\$ 46,003		46,003
Vehicle Maintenance	2.0	2.3%	\$ 21,325.43		\$ 5,960.00	1,040.78	\$ 28,326.21	\$ (28,326.21)	\$ -	\$ -	\$ -	-
PD Chief	1.0	1.1%	\$ 10,662.72			2,822.31	\$ 13,485.02	\$ 253.08	\$ 13,738	\$ 13,738	\$ 13,769	(31)
PD Ops	15.0	17.0%	\$ 159,940.74			79,085.87	\$ 239,026.61	\$ 4,485.90	\$ 243,513	\$ 243,513	\$ 241,205	2,307
PD Admin	5.0	5.7%	\$ 53,313.58			15,093.77	\$ 68,407.35	\$ 1,283.83	\$ 69,691	\$ 69,691	\$ 66,644	3,047
Fire Admin	3.0	3.4%	\$ 31,988.15			11,349.82	\$ 43,337.97	\$ 813.34	\$ 44,151	\$ 44,151	\$ -	44,151
Fire Prevention	0.0	0.0%	\$ -			-	\$ -	\$ -	\$ -	\$ -	\$ 26,050	(26,050)
Fire Operations	6.0	6.8%	\$ 63,976.30	\$ 73,100.00		169,108.64	\$ 306,184.93	\$ 5,746.29	\$ 311,931	\$ 311,931	\$ 320,725	(8,794)
Fire Department EOC	1.0	1.1%	\$ 10,662.72			-	\$ 10,662.72	\$ 200.11	\$ 10,863	\$ 7,604	\$ 10,947	(84)
CDD Admin	1.5	1.7%	\$ 15,994.07			3,870.82	\$ 19,864.89	\$ 372.81	\$ 20,238	\$ 20,238	\$ 18,488	1,750
CDD Bldg	3.0	3.4%	\$ 31,988.15			9,578.10	\$ 41,566.24	\$ 780.09	\$ 42,346	\$ 42,346	\$ 27,214	15,133
PW Admin	3.0	3.4%	\$ 31,988.15			4,623.09	\$ 36,611.24	\$ 687.10	\$ 37,298	\$ 18,649	\$ 37,421	(123)
PW Lagoons	1.0	1.1%	\$ 10,662.72			3,009.64	\$ 13,672.36	\$ 256.59	\$ 13,929	\$ 13,929	\$ 13,957	(28)
PW Streets	4.0	4.5%	\$ 42,650.86			13,244.00	\$ 55,894.86	\$ 1,049.00	\$ 56,944	\$ 56,944	\$ 56,230	714
PW Water	7.0	8.0%	\$ 74,639.01			25,380.37	\$ 100,019.38	\$ 1,877.10	\$ 101,896	\$ -	\$ 96,292	5,605
PW Wastewater	11.0	12.5%	\$ 117,289.88			71,944.34	\$ 189,234.21	\$ 3,551.43	\$ 192,786	\$ -	\$ 206,015	(13,229)
Finance Admin	0.5	0.6%	\$ 5,331.36			1,567.30	\$ 6,898.66	\$ 129.47	\$ 7,028	\$ 4,920	\$ 7,033	(5)
Total	88	100.0%	\$ 938,319	\$ 73,100	\$ 5,960	\$ 520,279	\$ 1,537,658	\$ 0	\$ 1,537,658	\$ 1,214,113	\$ 1,462,370	\$ 75,288
												5.1%

City of Foster City – Vehicle Replacement Fund
Vehicles to be Replaced
For the Year Ended June 30, 2017

Dept / Div	Vehicle #	Vehicle Make / Model	Replacement Cost
05-10	78	06 FORD FREESTAR PASS WAGON	27,602.02
05-20	52	07 FORD F250	38,642.83
05-50	66	01 FORD E-450 BOX TRUCK	49,683.64
06-30	26-25	09 TOYOTA PRIUS	29,810.18
07-20	45-97	06 FORD TAURUS	29,810.18
08-10	79	05 TOYOTA PRIUS	29,810.18
09-60	20	07 FORD F350	41,955.07
09-60	21	07 FORD F350	41,955.07
09-60	24	07 FORD RNGR (Meter Read)	23,302.90
09-70	38	99 FORD E350-CCTV VAN	54,121.61
09-70	11	07 FORD RNGR	26,520.00
09-70	31	07 FORD F350	45,900.00
			\$ 439,114

City of Foster City – Vehicle Replacement Fund
Equipment to be Replaced
For the Year Ended June 30, 2017

Dept / Div	Equipment Description	Replacement Cost
05-60	AIR COMPRESSOR	5,925.61
		\$ 5,926
TOTAL		\$ 445,039

City of Foster City				
Vehicle Replacement Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
16 FORD TRANSIT	05-50	7/1/2016	24,000.00	Replacement for Box Truck
16 FORD TRANSIT	05-50	7/1/2016	24,000.00	Replacement for Box Truck
FORD F-250	07-10	7/1/2016	29,810.18	Replacement for Taurus
Items Deleted				
01 FORD E-450 BOX TRUCK	05-50	7/1/2000	49,683.64	Replace with two Ford Transits
06 FORD TAURUS	07-20	7/1/2005	29,810.18	Replace with Ford F-250

City of Foster City					
Vehicle Replacement Fund					
Changes to Estimated Useful Lives					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
<u>Vehicles</u>					
06 FORD F250	05-60	7/1/2005	11	12	1
11 FORD CROWN VIC	06-20	7/1/2010	6	7	1
07 FORD WAGON VAN	06-30	7/1/2006	10	11	1
09 TOYOTA PRIUS	09-10	7/1/2008	8	9	1
09 FORD RANGER	09-10	7/1/2008	8	9	1
02 HOIST TRUCK	09-30	7/1/2001	15	16	1
01 DUMP TRUCK	09-60	7/1/2000	16	17	1
07 FORD F350	09-70	7/1/2006	10	11	1
06 FORD F350 KUV Body	09-70	7/1/2005	11	12	1
09 FORD F350	09-70	7/1/2008	8	9	1
<u>Vehicle Maintenance Equipment</u>					
DIESEL DISPENSER	05-60	7/1/2004	12	13	1
DIESEL MONITOR SYST	05-60	7/1/2006	10	11	1
DIESEL TANK (X2)	05-60	7/1/1965	51	52	1
PETROCARD FUELING SYSTEM	05-60	7/1/2003	13	14	1
UNLEADED GAS DISPENSER	05-60	7/1/2001	15	16	1
UNLEADED GAS DISPENSER	05-60	7/1/2001	15	16	1
UNLEADED GAS MONITORING SYST	05-60	7/1/2006	10	11	1
UNLEADED FUEL TANK	05-60	7/1/1991	25	26	1

City of Foster City
Vehicle Replacement Fund
Changes to Replacement Values
For FY 2016-2017

Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
VEHICLES*					
13 FORD TAURUS	01-10	7/1/2012	33,555.40	34,226.50	671.11
10 FORD RNGR	05-10	7/1/2009	23,768.96	24,244.34	475.38
01 FORD BUS	05-10	7/1/2014	67,071.51	68,412.94	1,341.43
08 HI RANGER	05-20	7/1/2008	93,846.87	95,723.81	1,876.94
08 FORD F250	05-20	7/1/2007	38,642.83	39,415.68	772.86
08 FORD RANGER XLT	05-20	7/1/2007	26,520.00	27,050.40	530.40
09 FORD F250	05-20	7/1/2008	30,914.26	31,532.55	618.29
10 FORD F250	05-20	7/1/2009	30,914.26	31,532.55	618.29
08 FORD 750	05-20	7/1/2007	93,846.87	95,723.81	1,876.94
11 FORD F250	05-20	7/1/2010	38,642.83	39,415.68	772.86
08 FORD F250	05-20	7/1/2007	38,642.83	39,415.68	772.86
07 FORD F250	05-20	7/1/2006	38,642.83	39,415.68	772.86
13 FORD F250	05-20	7/1/2012	26,520.00	27,050.40	530.40
08 FORD F250	05-20	7/1/2007	38,642.83	39,415.68	772.86
10 FORD F250	05-20	7/1/2009	38,642.83	39,415.68	772.86
11 JD LL	05-20	7/1/2010	112,200.00	114,444.00	2,244.00
14 CASE 580M	05-20	7/1/2013	112,200.00	114,444.00	2,244.00
04 FORD F-250	05-20	7/1/2013	37,885.13	38,642.83	757.70
09 FORD F550	05-20	7/1/2008	47,475.47	48,424.98	949.51
06 FORD E250 CARGO VAN	05-50	7/1/2005	30,914.26	31,532.55	618.29
12 TOYOTA PRIUS	Removing	7/1/2012	28,652.62	29,225.67	573.05
06 FORD F250	05-60	7/1/2005	30,914.26	31,532.55	618.29
00 FORD RNGR	05-20	7/1/2014	23,302.90	23,768.96	466.06
07 FORD TAURUS (500)	06-10	7/1/2015	29,225.67	29,810.18	584.51
07 FORD EXPEDITION	06-20	7/1/2013	49,576.15	50,567.67	991.52
10 FORD CROWN VIC	06-20	7/1/2014	33,555.40	34,226.50	671.11
11 FORD CROWN VIC	06-20	7/1/2010	38,306.50	39,072.63	766.13
13 POLICE INTERCEPTOR SEDAN	06-20	7/1/2012	37,635.40	38,388.10	752.71
09 FORD CROWN VIC	06-20	7/1/2013	37,635.40	38,388.10	752.71
11 FORD CROWN VIC	06-20	7/1/2015	37,555.40	38,306.50	751.11
13 POLICE INTERCEPTOR UTILITY	06-20	7/1/2012	37,635.40	38,388.10	752.71
10 FORD CROWN VIC	06-20	7/1/2014	33,555.40	34,226.50	671.11
10 FORD CROWN VIC	06-20	7/1/2014	33,555.40	34,226.50	671.11
08 FORD CROWN VIC	06-20	7/1/2013	37,635.40	38,388.10	752.71
15 BMW	06-20	7/1/2014	27,060.80	27,602.02	541.22
09 BMW	06-20	7/1/2001	27,602.02	28,154.06	552.04
15 BMW	06-20	7/1/2014	27,060.80	27,602.02	541.22
07 FORD F150	06-20	7/1/2015	32,180.20	32,823.80	643.60
10 FORD ESCAPE	06-20	7/1/2009	36,434.67	37,163.36	728.69
11 FORD ESCAPE HYBRID	06-30	7/1/2010	34,226.50	34,911.03	684.53
13 FORD POLICE INTERCEPTOR UTILITY	06-30	7/1/2012	29,810.18	30,406.39	596.20
07 FORD MUSTANG	06-30	7/1/2015	25,978.37	26,497.94	519.57

City of Foster City
Vehicle Replacement Fund
Changes to Replacement Values
For FY 2016-2017

Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
07 FORD WAGON VAN	06-30	7/1/2006	28,296.38	28,862.31	565.93
10 TOYOTA PRIUS	07-20	7/1/2009	29,810.18	30,406.39	596.20
11 FORD F250	07-30	7/1/2010	68,453.01	69,822.07	1,369.06
06 FORD F350	07-30	7/1/2005	81,701.98	83,336.02	1,634.04
15 FORD EXPLORER	07-30	7/1/2015	40,000.00	40,800.00	800.00
15 PIERCE	07-30	7/1/2013	607,244.44	619,389.33	12,144.89
03 QFA-CRIMSON	07-30	7/1/2003	745,254.54	760,159.63	14,905.09
15 PIERCE	07-30	7/1/2014	1,136,553.77	1,159,284.84	22,731.08
08 TOYOTA PRIUS	08-10 / 11-10	7/1/2014	29,225.67	29,810.18	584.51
09 FORD RNGR	08-30	7/1/2008	23,768.96	24,244.34	475.38
09 FORD RNGR	08-30	7/1/2008	23,768.96	24,244.34	475.38
07 TOYOTA PRIUS	09-10	7/1/2013	29,225.67	29,810.18	584.51
09 TOYOTA PRIUS	09-10	7/1/2008	29,810.18	30,406.39	596.20
09 FORD RANGER	09-10	7/1/2008	23,768.96	24,244.34	475.38
06 FORD F250	09-20	7/1/2015	34,637.83	35,330.59	692.76
13 FORD F250	09-30	7/1/2012	27,060.80	27,602.02	541.22
08 FORD F450	09-30	7/1/2007	55,204.04	56,308.12	1,104.08
06 FORD F250	09-30	7/1/2015	34,637.83	35,330.59	692.76
02 HOIST TRUCK	09-30	7/1/2001	55,204.04	56,308.12	1,104.08
05 FORD F350	09-60	7/1/2015	41,132.42	41,955.07	822.65
01 DUMP TRUCK	09-60	7/1/2000	143,530.50	146,401.11	2,870.61
01 FORD RNGR	09-60	7/1/2014	23,302.90	23,768.96	466.06
09 CASE 580M	09-60	7/1/2008	113,185.53	115,449.24	2,263.71
11 FORD F150	09-70	7/1/2010	30,914.26	31,532.55	618.29
07 FORD F350	09-70	7/1/2006	45,900.00	46,818.00	918.00
03 SEWER JET	09-70	7/1/2014	220,462.65	224,871.91	4,409.25
99 HOIST TRUCK	09-70	7/1/2013	168,300.00	171,666.00	3,366.00
06 FORD F350 KUV Body	09-70	7/1/2005	41,955.07	42,794.17	839.10
09 FORD F350	09-70	7/1/2008	41,955.07	42,794.17	839.10
FORD F550 (Hydro Flush - Truck Portion Only)	09-70	7/1/2012	48,709.45	49,683.64	974.19
HYDRO FLUSH UNIT (Equipment Portion Only)	09-70	7/1/2008	50,933.49	51,952.16	1,018.67
04 STERLING SEWER VAC	09-70	7/1/2015	308,493.17	314,663.03	6,169.86
Subtotal - Changes to Vehicle Replacement Values			6,110,987	6,233,206	122,220

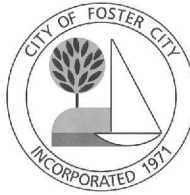
City of Foster City					
Vehicle Replacement Fund					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
EQUIPMENT[^]					
5 STATION FLUID DISPENSER	05-60	7/1/1996	7,448.58	7,541.68	93.11
AIR COMPRESSOR	05-60	7/1/1996	5,852.45	5,925.61	73.16
AIR COMPRESSOR	05-60	7/1/2009	2,128.16	2,154.77	26.60
DIESEL DISPENSER	05-60	7/1/2004	10,125.00	10,251.56	126.56
DIESEL MONITOR SYST	05-60	7/1/2006	31,139.12	31,528.36	389.24
DIESEL TANK (X2)	05-60	7/1/1965	101,250.00	102,515.63	1,265.63
GENESIS SCAN / SCOPE	05-60	7/1/2012	11,560.40	11,704.90	144.50
JACK HYDRAULIC 20T	05-60	7/1/2004	5,189.85	5,254.73	64.87
PETROCARD FUELING SYSTEM	05-60	7/1/2003	25,537.97	25,857.20	319.22
TESTER-AMP/VOLT	05-60	7/1/2001	2,128.16	2,154.77	26.60
TIRE BALANCING MACHINE	05-60	7/1/2013	4,203.78	4,256.33	52.55
TIRE CHANGING MACHINE	05-60	7/1/2013	4,203.78	4,256.33	52.55
UNLEADED GAS DISPENSER	05-60	7/1/2001	10,251.56	10,379.71	128.14
UNLEADED GAS DISPENSER	05-60	7/1/2001	10,251.56	10,379.71	128.14
UNLEADED GAS MONITORING SYST	05-60	7/1/2006	31,139.12	31,528.36	389.24
UNLEADED FUEL TANK	05-60	7/1/1991	57,801.99	58,524.52	722.52
UNLEADED GAS DISPENSER	05-60	7/1/2001	57,801.99	58,524.52	722.52
VEHICLE LIFT #1	05-60	7/1/2004	17,025.31	17,238.13	212.82
VEHICLE LIFT #2	05-60	7/1/2004	17,025.31	17,238.13	212.82
Subtotal - Changes to Equipment Replacement Values			412,064	417,215	5,151
Grand Total - Changes to all Replacement Values			6,523,051	6,650,421	127,371
* Vehicles are assumed to increase by 2% per year.					
[^] Equipment is assumed to increase by 1.25% per year.					

Vehicle Maintenance Equipment Replacement Fund Budget Comparison

Account		Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4384	Capital Outlay - Vehicles to be Replaced	661,265	439,114	(222,151)	1
4384	Vehicles Replacement Contingency	50,000	50,000	-	
4385	Capital Outlay - Equipment to be Replaced	-	5,926	5,926	2
4110	Salaries	277,200	278,000	800	3
4112	Overtime	1,000	1,000	-	
4120	Benefits	151,700	136,300	(15,400)	4
4520	Compensated Absences	930	4,100	3,170	5
4556	Equipment Replacement	11,289	5,960	(5,329)	6
4557	IT Services	11,465	12,769	1,304	7
4562	Insurance	53,700	81,400	27,700	8
4243	Small Tools	1,200	1,200	-	
4246	Fuel and supplies	471,000	471,000	-	9
4247	Rental	800	800	-	
4248	Radio Maintenance	4,000	4,000	-	
4251	Vehicle Maintenance	19,100	19,100	-	
4253	Dues	500	500	-	
4254	Conferences	500	500	-	
4255	Training	750	750	-	
		<u>1,716,399</u>	<u>1,512,419</u>	<u>(203,980)</u>	

Detailed Analysis:

		Increase (Decrease) Rounded to nearest \$1,000
Note 1	Capital Outlay - Vehicles to be Replaced Changes in Vehicles to be Replaced are based on vehicles scheduled for replacements in a given year, as adjusted by an assessment of vehicle performance and maintenance history. Detailed replacement lists are available as attachments to the Vehicle Replacement Fund Staff Report.	(222,000)
Note 2	Capital Outlay - Equipment to be Replaced Necessary equipment for vehicle related repairs.	6,000
Note 3	Salaries No overall Department personal changes (moved 50/50 B/V out of VM), contractual COLA 2% and adjustment due to salary steps.	1,000
Note 4	Benefits Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc.)	(15,000)
Note 5	Compensated Absences Increase based on historical usage.	3,000
Note 6	Equipment Replacement Change to reflect 2015-16 actual.	(5,000)
Note 7	IT Services Small change to reflect 2015-16 actual	1,000
Note 8	Training Based on requirement through City's self-insurance There are no projected increases in fuel costs for FY 2016/17. The average fuel cost for unleaded was \$2.40 and \$2.14 respectively for the period from Jan. 2015 to Jan. 2016	28,000
Note 9	Net Increase	<u>-</u> <u>(203,000)</u>



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Dante Hall, Assistant City Manager
'Andra Lorenz, Management Analyst

RE: Equipment Replacement Fund Budget and Internal Service Charges for FY 2016-2017

Attached are the summary spreadsheets for the Equipment Replacement Fund.

Methodology

The City continues to use the Internal Service Fund Methodology developed in FY 2005-2006 to prepare the Equipment Replacement Fund listing for FY 2016-2017. Since FY 2007-2008 the Equipment Replacement Fund list has been separated by Non-Enterprise (General) Fund, Water Fund and Wastewater Fund, a summary of each of which is attached to this memo. The Non-Enterprise (General) Fund Equipment Replacement Fund resides in the Internal Services Fund group. The Water and Wastewater Equipment Replacement Funds reside in their respective Enterprise Fund groups. There were no significant changes to the fund asset listings this year.

Every asset in the three Equipment Replacement Fund lists has been carefully reviewed by the Fund Administrator and the Department that uses the asset. Staff did an analysis of all assets, adjusting replacement values and useful life estimates to accurately reflect the best information currently available about each asset. Assets that were no longer needed were removed from the list and existing assets were added to the lists as appropriate. The attached lists represent staff's recommendation for the most efficient maintenance and replacement of equipment assets.

Replacement Value of Assets Scheduled for Replacement

There are two types of budget impacts associated with the Equipment Replacement Fund. One impact is the budgeted cost to replace assets that have reached the end of their useful lives. These funds are available and budgeted in the Equipment Replacement Fund. The replacement value of assets that are scheduled for replacement in FY 2016-2017 are summarized in Table 1:

Table 1: Replacement Value of Assets Scheduled for Replacement

Non-Enterprise (General) Fund	\$ 513,248
Water Enterprise Fund	\$ 11,900
Wastewater Enterprise Fund	\$ 193,020
Total	\$ 718,168

Annual Replacement Charges

The second budget impact associated with the Equipment Replacement Fund is the annual replacement charge for each asset. Replacement charges are the functional mechanism by which funding for assets is transferred from the Non-Enterprise (General) Fund and the Water and Wastewater Operating Funds to the respective Equipment Replacement Funds so that funding is available for replacement when an asset reaches the end of its useful life. Replacement charges are budgeted in the Department line item budgets for those assets assigned to them. Replacement charges vary by year, based on purchase cycles and annual analysis of the assets.

Beginning with the FY 2013-14 budget, the replacement charge methodology was changed such that only 85% of the total projected replacement cost was charged back to departments for the Non-Enterprise (General) Fund. Because the annual replacement charge calculation does not take into consideration interest earnings and cost savings associated with purchases, this fund tends to experience a growing reserve balance. This charge-back methodology reduces the impact to the General Fund while maintaining a sufficient balance to accomplish the necessary equipment purchases. Staff believes this is a sustainable and reasonable approach to implement on an on-going basis. Based on a similar fund balance analysis for the Water and Wastewater Enterprise Funds, balances were not excessive, so staff does not propose a replacement charge reduction in these funds.

For Fiscal Year 2016-2017, annual replacement charges decreased by an insignificant amount in the General Fund and increased slightly in the Water and Wastewater funds. An overview of the reasons for the changes in Replacement Charge is included below. Total recommended replacement charges for FY 2016-2017 are summarized in Table 2:

Table 2: Equipment Replacement Fund Annual Replacement Charge Summary - All Funds

Fund	FY 2015- 2016	FY 2016- 2017	Increase (Decrease)	% Change
General (85%)	466,424	466,329	(95)	0%
Water	273,439	288,227	14,788	5%
Wastewater	360,436	374,410	13,974	4%
Totals	1,100,299	1,128,966	28,667	3%

Non-Enterprise (General) Fund

- Replacement charges reflect minor adjustments to the equipment list useful lives and replacement costs. The most significant changes in the Non-Enterprise (General) Fund reflect rising costs of parks playground equipment associated with factors such as the price of ADA playground base requirements and the cost of steel and transportation.

Water Fund

- Water Meters: In order to ensure adequate funding when replacement is needed, there is a built in cost escalator of 5% per year for all categories of water meters. Staff continues to monitor the actual cost of meters annually and make adjustments as needed.

Wastewater Collection Fund

- While there are no major changes to the fund, a number of changes were made to the replacement lives of pump station generators to reflect the upcoming CIP project schedule.

The detailed analyses for the Equipment Replacement Funds are available in the City Council office. Operating department staff will be available to answer any questions the City Council may have on these items.

Fund Balances

Staff routinely monitors the fund balances to ensure that adequate funds are available (see Analysis of Internal Service Funds Balances report and summary in Table 3). According to calculations by the Finance Department, by the end of FY 2015-2016, the Equipment Replacement Fund (General Fund) is expected to have a balance of \$5,151,724. The amount directly attributable to the replacement of identified equipment through the end of FY 2015-16 is \$4,627,877, and the contingency reserve in the fund is \$100,000 leaving an excess available balance of \$423,847, which approximately 9% more than is required based on the current replacement schedule. The Water and Wastewater Equipment Replacement Funds also have adequate balance to replace the equipment in their respective Funds.

Table 3: Equipment Replacement Fund Balance

A	FY 2015-16 Projected Balance	\$ 5,319,124
B	Committed to Equipment Replacement	\$ 4,627,877
C	Contingency Reserve	\$ 100,000
D	Excess Available Balance	\$ 591,247

Balance (D) / Committed (B) 13%

At the Budget Study Session on February 8, 2016, the City Council requested information regarding the 85% chargeback methodology and whether staff would recommend further reducing the chargeback percentage to 80%. As shown in Table 4, for Fiscal Year 2016-17, the difference between 100% and 85% chargeback is approximately \$82,000. Reducing the chargeback to 80% would reduce the charge to the General Fund by an additional \$27,000. Based on the above discussion of the Equipment Replacement fund balance, the Equipment Replacement Fund is adequately

funded, but, at +13%, does not carry a significant excess balance. Staff is therefore not prepared to recommend a further reduction in the chargeback to the General Fund at this time. Staff will continue to monitor the Internal Service Fund balances and may recommend adjustments to the chargeback rate in future, whether to increase or decrease, based upon this analysis.

Table 4: Impact of Chargeback Methodologies to the General Fund

	100% Chargeback	85% Chargeback	80% Chargeback
Replacement Charges FY 2016-17	\$548,622	\$466,329	\$438,898

Staff will continue to review both the fund balances and this methodology each year as the Equipment Replacement List is updated to ensure that sufficient funding exists to address the needs of the operation.

Attachments:

- Attachment 1: ERF Budget Narrative 2016-17
- Attachment 2: Internal Services Charges Allocation Summary 2016-17
- Attachment 3: Non-Enterprise (General) Funds Items to be Replaced for the Year Ended 6/30/17
- Attachment 4: ERF Items Added or Deleted From the Equipment Replacement List FY 2016-2017
- Attachment 5: ERF Changes to Estimated Useful Lives for FY 2016-2017
- Attachment 6: ERF Equipment Replacement Fund (General Fund) for FY 2016-2017
- Attachment 7: Water Fund Lists 2016-17
- Attachment 8: Wastewater Fund Lists 2016-17
- Attachment 9: Budget Comparison

Equipment Replacement Fund

This fund was established to provide for the timely and orderly replacement of equipment valued over \$1,000. This internal service fund allows the City to plan ahead for the replacement of its equipment. The expenditure figure represents the schedule of equipment to be replaced during the fiscal year and deemed to be in need of replacement.



A consistent methodology is used to capture replacement funds for operating department replacement needs. Individually significant assets (over \$1,000), or a pool of assets (which may be less than \$1,000 individually, but when pooled together exceed \$1,000) are assigned replacement values and estimated useful lives. Operating departments are then charged an annual replacement charge such that the replacement value is available upon expiration of the asset. Any changes to replacement values and/or estimated useful lives that occur subsequent to the asset being placed on the Equipment Replacement list are handled on a prospective (or “go-forward”) basis.



This Fund accounts for replacement of assets other than those assets related to Water Operations or Wastewater Operations (which are accounted for in those respective Enterprise funds), or those assets specifically relating to the activities of the Vehicle Replacement, Information Technology, and Building Maintenance.



City of Foster City -- Equipment Replacement Fund - Non-Enterprise (General) Funds
Department Internal Services Charges Allocation Summary
For the Year Ended June 30, 2017

Department / Division	Dept #	FY 2016-17	FY 2015-16	Increase (Decrease)	% Change	Comments	FY 2016-17
		Asset Replacement Charges	Asset Replacement Charges				0.85 Annual Charge Rate
Communications/City Clerk							
Administration	02-10	1,275	851	424	49.9%	Reduced the Mail Machine useful life by three years	1,084
FCTV	02-30	12,782	10,358	2,424	23.4%	Replacing several fully funded assets restarts the replacement accrual	10,864
Human Resources	12-10	3,000	3,000	-	0.0%	No change	2,550
City Council	10-10	1,600	1,600	-	0.0%	No change	1,360
Parks & Recreation							
Administration	05-10	31,511	29,511	2,000	6.8%	Increase in replacement cost for Lagoon Room sound equipment	26,784
Parks Maintenance	05-20	247,223	232,667	14,556	6.3%	Increase in replacement cost for several parks' play equipment	210,140
Facility Operations	05-25	17,821	18,184	(363)	-2.0%	Adjustments to table costs and useful lives	15,148
Police							
Operations	06-20	23,884	23,484	401	1.7%	Reduced useful life of two Tactical Assault Vests	20,301
Administration	06-30	29,616	47,198	(17,582)	-37.3%	Cost for Video Surveillance Equipment spread over greater payback period; deleted Recorder-recall and applied funding to Communications Infrastructure	25,174
Fire (Operations)							
Operations	07-30	100,587	99,093	1,494	1.5%	Minor adjustments to replacement costs and useful lives	85,499
Emergency Preparedness	07-40	2,704	2,538	167	6.6%	Updated replacement cost of EOC chairs	2,299
Public Works							
Lagoon & Levees	09-20	66,996	66,281	715	1.1%	Minor adjustments to replacement costs and useful lives	56,947
Streets	09-30	8,624	13,972	(5,348)	-38.3%	Cost for Illuminated Street Signs spread over greater payback period	7,330
Spread across all PW divisions	09-xx	1,000	-	1,000	#DIV/0!	Replacement charge restarted for previously fully funded assets	850
Total		548,622	548,734	(112)	0.0%		466,329

4.4.3 - 6

City of Foster City -- Equipment Replacement Fund - Non-Enterprise (General) Funds
Items to be Replaced
For the Year Ended June 30, 2017

Department	Item Description	Replacement Cost
01-50	Fujinon Wall Mount for Pan/Tilt Head #CMA-200A-01A	2,000
01-50	Fujinon Video Production Camera Adapter #UTB-21902A	2,500
01-50	Fujinon Document Camera Lens Model# S16X7.3BWMD-18	4,100
01-50	Fujinon Power Supply cable for Pan/Tilt #UHD-344A-005	1,000
01-50	Fujinon Power Supply for Pan/Tilt #CPS-401A-10D	3,800
01-50	Fujinon Video Production Camera Power Supply#CMAD2	1,200
05-20	Billy Goat Blower/ SCP	2,500
05-20	Mower Trimmer / SCP	2,500
05-20	Pioneer Brite Striper B-2000 SCP #1	4,000
05-20	Utility Trailer 10x6 / CY	5,500
05-20	Utility Trailer 12x6 / CY	5,500
05-25	8-foot Tables - Gull/Spirit	4,725
05-25	6-foot tables (15) - (Vibe)	3,000
05-25	Regular use chairs (80) - (Vibe)	3,520
05-25	Oval Tables - Pool E (7)	4,403
06-20	Ballistic Shields (2)	4,000
06-20	Tactical Assault Vest	2,000
06-20	Tactical Assault Vest	2,000
07-30	Dish Washer 2	1,500
07-30	Mattresses Pool A	1,500
09-20	2-PROGRAM LOGIC CONTROLLER	4,000
Total Tools and Equipment up to \$5,000		\$ 65,248

Department	Item Description	Replacement Cost
01-50	Fujinon Controller Pan/Tilt #EOP-102J-50D	5,600
01-50	Fujinon Video Production Camera Lens #S16x7.3 BWMD-18	16,500
01-50	Fujinon Video Production Pan Tilt Head #CPT-1A-10D	18,300
01-50	Sony Video Production Cameras Model#DXC990	17,600
05-20	DITCH WITCH TRENCHER/ CY	15,000
05-20	Grinder, Honda Asphalt/ CY	6,000
05-20	Mower#3 - Toro Z	14,000
05-20	Mower #7 - Toro Z	14,000
05-20	Playground Equipment - SEA CLOUD PARK	120,000
06-30	Video Surveillance Equip - Police Station	30,000
07-30	Dayroom Chairs (10)	7,000
07-30	Station Alerting System (2)	35,000
07-30	Technical Rescue Equipment	5,000
07-30	Technical Rescue Equipment - Water Rescue	5,000
07-30	Thermal Imagers (4)	52,000
07-30	Turnouts Pool A (12)	35,000
07-30	Water Rescue Suits (6) - Pool B	11,000
07-30	Watercraft	20,000
09-20	Boat - 60 hp engine	11,000
09-99	MOBIL RADIOS	10,000
Total Capital Outlay - Machinery and Equipment Over \$5,000		\$ 448,000

TOTAL (ALL ITEMS) \$ 513,248

City of Foster City				
Equipment Replacement Fund (General Fund)				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
8-foot Tables - Gull/Spirit	05-25	7/1/2011	4,725	Existing pools of tables reconfigured by room
8-foot Tables - Lagoon	05-25	7/1/2012	6,250	Existing pools of tables reconfigured by room
8-foot Tables - Crane/Mist	05-25	7/1/2013	4,200	Existing pools of tables reconfigured by room
8-foot Tables - Bluebird/Spray	05-25	7/1/2014	8,400	Existing pools of tables reconfigured by room
8-foot Tables - Mallard	05-25	7/1/2015	5,250	Existing pools of tables reconfigured by room
Boat - 19' Boat and Trailer	09-20	7/1/2002	29,000	Previously combined asset split into two lines
Boat - 60 hp engine	09-20	7/1/2002	11,000	Previously combined asset split into two lines
Total			\$ 68,825	
Items Deleted				
Sony HDV Deck	01-50	7/1/2007	3,400	
Playground Equipment - BOOTHBAY PARK TOT LOT	05-20	7/1/2010	52,000	Combined with Boothbay Playground to one Family Play Equipment
VERMEER 1250 CHIPPER - CY	05-20	7/1/2006	21,000	
8-foot Tables -- Pool A (8)	05-25	7/1/2013	5,000	Existing pools of tables reconfigured by room
8-foot Tables -- Pool B (8)	05-25	7/1/2014	5,000	Existing pools of tables reconfigured by room
8-foot Tables -- Pool C (8)	05-25	7/1/2015	5,000	Existing pools of tables reconfigured by room
8-foot Tables -- Pool D (10)	05-25	7/1/2011	4,500	Existing pools of tables reconfigured by room
8-foot Tables -- Pool E (10)	05-25	7/1/2012	4,500	Existing pools of tables reconfigured by room
8-foot Tables -- Pool F (10)	05-25	7/1/2011	4,500	Existing pools of tables reconfigured by room
Recorder-recall (Dispatch)	06-30	7/1/2008	6,000	
Defibrillator (Lifepak 12 Reserve)	07-30	7/1/2015	35,000	
19' Boat, Single Axle Galvanized Trailer and 60 hp engine	09-20	7/1/2002	28,000	Previously combined asset split into two lines
Total			\$ 173,900	

City of Foster City					
Equipment Replacement Fund (General Fund)					
Changes to Estimated Useful Lives					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
Hasler Mail Machine	02-10	7/1/2015	10	7	(3)
Council Chambers Audio System	01-50	7/1/2009	7	8	1
Extron RGB Down Converter to Video #60-312-01	01-50	7/1/2012	4	5	1
Extron Video to RGB Scalers DVs 204	01-50	7/1/2012	4	5	1
Listen ADA Hearing System	01-50	7/1/2007	9	10	1
Marshall (Triple Monitor Set #1)	01-50	7/1/2007	9	10	1
Marshall (Triple Monitor Set #2)	01-50	7/1/2004	12	13	1
Marshall (Triple Monitor Set #3)	01-50	7/1/2009	7	8	1
Sony 8' Color Preview Monitor	01-50	7/1/2003	13	14	1
150-GALLON SPRAYER Hydro Corp/ CY	05-20	7/1/2005	12	13	1
Mower#4 - Toro Z	05-20	7/1/2010	6	7	1
Mower #6 - Toro Z	05-20	7/1/2010	6	7	1
Mower #8 - Toro Z	05-20	7/1/2010	6	7	1
Playground Equipment - ERCKENBRACK PARK	05-20	7/1/2001	15	16	1
Playground Equipment - GULL PARK	05-20	7/1/2001	15	16	1
Playground Equipment - MARLIN PARK	05-20	7/1/2001	15	16	1
Portable Toilet-White/ CY	05-20	7/1/2008	9	10	1
Pressure Washer, Landa portable hot water	05-20	7/1/2008	9	10	1
Turfco-Top Dresser/ CY	05-20	7/1/2008	8	9	1
Utility Trailer 10x6 / CY	05-20	7/1/2004	15	12	(3)
Utility Trailer 12x6 / CY	05-20	7/1/2004	15	12	(3)
8-foot Tables - Mallard	05-25	7/1/2015	8	9	1
Oval Tables -- Pool A (5)	05-25	7/1/2008	10	9	(1)
Oval Tables -- Pool B (4)	05-25	7/1/2010	11	8	(3)
Oval Tables -- Pool C (2)	05-25	7/1/2013	13	6	(7)
Oval Tables -- Pool D (2)	05-25	7/1/2014	15	6	(9)
Colt(AR-15) 5.56mm (11)	06-20	7/1/2001	16	17	1
Tactical Assault Vest	06-20	7/1/2012	5	4	(1)
Tactical Assault Vest	06-20	7/1/2012	5	4	(1)
Cut Off Saw	07-30	7/1/2008	10	9	(1)
Station Alerting System (2)	07-30	7/1/1998	17	18	1
Water Vac	07-30	7/1/2009	7	8	1
EOC Chairs	07-40	7/1/2002	15	16	1
Boat - 19' Boat and Trailer	09-20	7/1/2002	15	20	5
3-SLUICE GATES-INLET	09-20	7/1/1992	23	28	5
LANSAS DOME HEAD (24-48 inch pipe plug)	09-20	7/1/2009	8	10	2
18 X 30 X 5/8 THICK STORM DRAIN PLUG	09-30	2/1/2008	8	10	2
24 X 48 X 5/8 THICK STORM DRAIN PLUG	09-30	7/1/2008	8	10	2
Illuminated Street Name Signs	09-30	7/1/1980	40	37	(3)
Signal Controllers (25)	09-30	7/1/2006	10	11	1
MOBIL RADIOS	09-99	7/1/2005	10	11	1

City of Foster City					
Equipment Replacement Fund (General Fund)					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
Panasonic MX70 Production Switcher and Character Generator	01-50	7/1/2013	10,300	15,000	4,700
Sound Equip(Speakers, Mixer, CD, Cassette) - Lagoon	05-10	7/1/2007	8,000	10,000	2,000
Playground Equipment - ERCKENBRACK PARK	05-20	7/1/2001	88,000	100,000	12,000
Playground Equipment - GULL PARK	05-20	7/1/2001	88,000	100,000	12,000
Playground Equipment - MARLIN PARK	05-20	7/1/2001	88,000	100,000	12,000
Playground Equipment - PORT ROYAL PARK	05-20	7/1/2002	65,000	125,000	60,000
Playground Equipment - TURNSTONE PARK	05-20	7/1/2002	85,000	100,000	15,000
Utility Trailer 12x7 / CY	05-20	7/1/2015	5,000	5,500	500
Utility Trailer 10x6 / CY	05-20	7/1/2004	4,000	5,500	1,500
Utility Trailer 12x6 / CY	05-20	7/1/2004	4,000	5,500	1,500
6-foot tables (15) – (Vibe)	05-25	7/1/2009	2,250	3,000	750
Oval Tables -- Pool A (5)	05-25	7/1/2008	2,500	3,145	645
Oval Tables -- Pool B (4)	05-25	7/1/2010	2,000	2,550	550
Oval Tables -- Pool C (2)	05-25	7/1/2013	2,000	1,250	(750)
Oval Tables -- Pool D (2)	05-25	7/1/2014	2,000	1,250	(750)
Oval Tables -- Pool E (7)	05-25	7/1/1999	2,000	4,403	2,403
Defibrillators (2)	07-30	7/1/2006	70,000	90,000	20,000
Station Alerting System (2)	07-30	7/1/1998	30,000	35,000	5,000
Watercraft	07-30	7/1/2003	16,100	20,000	3,900
EOC Chairs	07-40	7/1/2002	10,000	12,000	2,000
CEMENT/ASPHALT SAW	09-30	7/1/2008	10,000	11,500	1,500
Total			\$ 594,150	\$ 750,598	\$ 156,448

City of Foster City -- Equipment Replacement Fund (Water)
Items to be Replaced
For the Year Ended June 30, 2017

Department	Item Description	Replacement Cost
09-60*	GENERATOR	3,000
09-60*	HONDA EB3000C GENERATOR - UNIT 20	2,200
09-60*	HONDA EB3000C GENERATOR - UNIT 21	2,200
09-60*	SUBMERSIBLE PUMP	2,000
09-60*	WACKER CONCRETE CUTTING SAW	2,500
TOTAL Tools and Equipment up to \$5,000 Per Unit		11,900

Department	Item Description	Replacement Cost
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None

Total Capital Outlay - Machinery and Equipment Over \$5,000

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TOTAL (ALL ITEMS)

11,900

City of Foster City				
Equipment Replacement Fund (Water Fund)				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
None				
Total			\$ -	
Items Deleted				
WACKER DIAPHRAGM PUMP	09-60*	7/1/2008	2,000	
Total			\$ 2,000	

City of Foster City					
Equipment Replacement Fund (Water Fund)					
Changes to Estimated Useful Lives					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
HONDA EB3000C GENERATOR - UNIT 20	09-60*	7/1/2008	10	8	(2)
HONDA EB3000C GENERATOR - UNIT 21	09-60*	7/1/2008	10	8	(2)
PIPE LOCATOR	09-60*	7/1/2002	12	15	3

City of Foster City Equipment Replacement Fund (Water Fund) Changes to Replacement Values For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
PIPE LOCATOR	09-60*	7/1/2002	2,000	3,500	1,500
3/4" Measuring Chamber Register with Radio Read Heads POOL A	09-60*	7/1/2007	455,939	478,736	22,797
3/4" Measuring Chamber Register with Radio Read Heads POOL B	09-60*	7/1/2008	430,446	451,969	21,522
3/4" Measuring Chamber Register with Radio Read Heads POOL C	09-60*	7/1/2009	278,606	292,536	13,930
3/4" Measuring Chamber Register with Radio Read Heads POOL D	09-60*	7/1/2010	391,818	411,409	19,591
3/4" Measuring Chamber Register with Radio Read Heads POOL E	09-60*	7/1/2011	585,011	614,262	29,251
3/4" Measuring Chamber Register with Radio Read Heads POOL F	09-60*	7/1/2012	612,239	642,851	30,612
1" Meter with Radio Head POOL A	09-60*	7/1/2007	4,433	4,654	222
1" Meter with Radio Head POOL B	09-60*	7/1/2008	10,342	10,859	517
1" Meter with Radio Head POOL C	09-60*	7/1/2009	48,310	50,725	2,415
1" Meter with Radio Head POOL D	09-60*	7/1/2010	31,109	32,665	1,555
1" Meter with Radio Head POOL E	09-60*	7/1/2011	48,146	50,554	2,407
1" Meter with Radio Head POOL F	09-60*	7/1/2012	47,265	49,628	2,363
1-1/2" Meter With Radio Head POOL B	09-60*	7/1/2008	5,723	6,009	286
1-1/2" Meter With Radio Head POOL C	09-60*	7/1/2009	39,452	41,425	1,973
1-1/2" Meter With Radio Head POOL D	09-60*	7/1/2010	8,685	9,119	434
1-1/2" Meter With Radio Head POOL E	09-60*	7/1/2011	3,108	3,263	155
1-1/2" Meter With Radio Head POOL F	09-60*	7/1/2012	1,860	1,953	93
2" Meter With Radio Head POOL A	09-60*	7/1/2007	6,875	7,219	344
2" Meter With Radio Head POOL B	09-60*	7/1/2008	137,501	144,377	6,875
2" Meter With Radio Head POOL C	09-60*	7/1/2009	94,182	98,891	4,709
2" Meter With Radio Head POOL D	09-60*	7/1/2010	33,556	35,234	1,678
2" Meter With Radio Head POOL E	09-60*	7/1/2011	25,816	27,107	1,291
2" Meter With Radio Head POOL F	09-60*	7/1/2012	14,813	15,554	741
3" Meter with Radio Head POOL B	09-60*	7/1/2008	7,649	8,031	382
3" Meter with Radio Head POOL C	09-60*	7/1/2009	23,803	24,993	1,190
3" Meter with Radio Head POOL D	09-60*	7/1/2010	34,892	36,637	1,745
3" Meter with Radio Head POOL E	09-60*	7/1/2011	34,892	36,637	1,745
3" Meter with Radio Head POOL F	09-60*	7/1/2012	76,808	80,649	3,840
4" Meter with Radio Head POOL A	09-60*	7/1/2007	6,686	7,021	334
4" Meter with Radio Head POOL B	09-60*	7/1/2008	23,533	24,710	1,177
4" Meter with Radio Head POOL C	09-60*	7/1/2009	45,706	47,992	2,285
4" Meter with Radio Head POOL D	09-60*	7/1/2010	22,571	23,700	1,129
4" Meter with Radio Head POOL E	09-60*	7/1/2011	27,085	28,439	1,354
6" Meter With Radio Head POOL B	09-60*	7/1/2008	2,533	2,660	127
6" Meter With Radio Head POOL C	09-60*	7/1/2009	18,981	19,930	949
6" Meter With Radio Head POOL D	09-60*	7/1/2010	29,369	30,837	1,468

City of Foster City					
Equipment Replacement Fund (Water Fund)					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
6" Meter With Radio Head POOL E	09-60*	7/1/2011	30,623	32,155	1,531
6" Meter With Radio Head POOL F	09-60*	7/1/2012	22,921	24,067	1,146
8" Meter With Radio Head POOL A	09-60*	7/1/2007	3,765	3,953	188
8" Meter With Radio Head POOL C	09-60*	7/1/2009	10,758	11,296	538
8" Meter With Radio Head POOL D	09-60*	7/1/2010	13,286	13,950	664
8" Meter With Radio Head POOL E	09-60*	7/1/2011	4,429	4,651	221
Total			3,757,528	3,946,805	189,276
*All Water Meters are calculated to increase by 5% per year.					

City of Foster City -- Equipment Replacement Fund (Wastewater Collection System)
Items to be Replaced
For the Year Ended June 30, 2017

Department	Item Description	Replacement Cost
09-70*	ROTO HAMMER	1,750
TOTAL Tools and Equipment up to \$5,000 Per Unit		<u>\$ 1,750</u>

Department	Item Description	Replacement Cost
09-70*	Pumps (excl 215HP and 6x8) Pool A	73,770
09-70*	3 TON BRIDGE CRANE	110,000
09-70*	CHART RECORDER	7,500
TOTAL Capital Outlay - Machinery and Equipment Over \$5,000		<u>191,270</u>

TOTAL (ALL ITEMS)	<u>\$ 193,020</u>
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City of Foster City				
Equipment Replacement Fund (Wastewater Fund)				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
DRY DECK PUMPS (LS 10)	09-70*	7/1/2013	48,000	Two assets combined to be purchased together
TANK GAUGE AND LEAK DETECT MONITOR LS 29	09-70*	7/1/2007	22,000	
Total			70,000	
Items Deleted				
Motors (3HP to 75HP) Pool A	09-70*	7/1/2006	8,435	
Motors (3HP to 75HP) Pool B	09-70*	7/1/2007	8,435	
Motors (3HP to 75HP) Pool C	09-70*	7/1/2008	8,435	
Motors (3HP to 75HP) Pool D	09-70*	7/1/2009	8,435	
Motors (3HP to 75HP) Pool E	09-70*	7/1/2010	8,435	
Motors (3HP to 75HP) Pool F	09-70*	7/1/2001	8,435	
Motors (3HP to 75HP) Pool G	09-70*	7/1/2012	8,435	
Motors (3HP to 75HP) Pool H	09-70*	7/1/2003	8,435	
Motors (3HP to 75HP) Pool I	09-70*	7/1/2014	8,435	
Motors (3HP to 75HP) Pool J	09-70*	7/1/2015	8,435	
TANK GAUGE - LS #29 - Underground Storage Tank	09-70*	7/1/2007	9,000	Two assets combined to be purchased together
LEAK DETECT MONITOR - LS #29 - Underground Storage Tank	09-70*	7/1/2007	7,000	Two assets combined to be purchased together
Total			\$ 100,350	

City of Foster City					
Equipment Replacement Fund (Wastewater Fund)					
Changes to Estimated Useful Lives					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
LS10 - 75KW GENERATOR	09-70*	7/1/1993	24	25	1
LS15 - 50KW GENERATOR	09-70*	7/1/1993	24	25	1
LS22 - 155 KW GENERATOR	09-70*	7/1/1997	20	21	1
LS26 - 25KW GENERATOR	09-70*	7/1/1987	30	31	1
LS28 - 33KW GENERATOR	09-70*	7/1/2016	25	44	19
LS29 - 230KW GENERATOR	09-70*	7/1/1991	26	27	1
LS43 - 20KW GENERATOR	09-70*	7/1/1987	30	31	1
LS10 - TRANSFER SWITCH	09-70*	7/1/1993	24	25	1
LS15 - TRANSFER SWITCH	09-70*	7/1/1993	24	25	1
LS22 - TRANSFER SWITCH	09-70*	7/1/1997	20	21	1
LS28 - TRANSFER SWITCH	09-70*	7/1/2016	25	32	7
LS29 - TRANSFER SWITCH	09-70*	7/1/1991	26	27	1
LS43 - TRANSFER SWITCH	09-70*	7/1/2005	20	12	(8)
3 TON BRIDGE CRANE	09-70*	7/1/1993	28	23	(5)
CCTV VAN VIDEO / ELECTRONIC EQUIPMENT	09-70*	7/1/2008	10	9	(1)
PLUG AND CHECK VALVES Pool B	09-70*	7/1/2000	15	23	8

City of Foster City					
Equipment Replacement Fund (Wastewater Fund)					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
LS59 - TRANSFER SWITCH	09-70*	7/1/1993	15,000	50,000	35,000
Pumps (excl 215HP and 6x8) Pool B	09-70*	7/1/2007	73,770	75,245	1,475
Pumps (excl 215HP and 6x8) Pool C	09-70*	7/1/2008	73,770	76,750	2,980
Pumps (excl 215HP and 6x8) Pool D	09-70*	7/1/2009	73,770	78,285	4,515
Pumps (excl 215HP and 6x8) Pool E	09-70*	7/1/2010	73,770	79,851	6,081
Pumps (excl 215HP and 6x8) Pool F	09-70*	7/1/2001	73,770	81,448	7,678
Pumps (excl 215HP and 6x8) Pool G	09-70*	7/1/2012	73,770	83,077	9,307
Pumps (excl 215HP and 6x8) Pool H	09-70*	7/1/2013	73,770	84,739	10,969
Pumps (excl 215HP and 6x8) Pool I	09-70*	7/1/2014	73,770	86,433	12,663
Pumps (excl 215HP and 6x8) Pool J	09-70*	7/1/2015	73,770	88,162	14,392
Dry Deck Pumps (LS 22)	09-70*	7/1/2011	42,000	48,000	6,000
3 TON BRIDGE CRANE	09-70*	7/1/1993	60,000	110,000	50,000
CHART RECORDER	09-70*	7/1/2007	2,500	7,500	5,000
CCTV VAN VIDEO / ELECTRONIC EQUIPMENT	09-70*	7/1/2008	100,000	130,000	30,000
Total			883,430	1,079,491	196,061

Equipment Replacement Fund - General Fund

Asset Category	Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4385 Capital Outlay	697,532	513,248	(184,284)	1
4385 Emergency Replacement	50,000	50,000	-	
4246 Tools and Equipment	16,270	-	(16,270)	1
	<u>763,802</u>	<u>563,248</u>	<u>(200,554)</u>	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000 (201,000)
Note 1 Capital Outlay and Tools and Equipment Changes in Equipment Replacement costs are due entirely to the items scheduled for purchase in a given year. Detailed replacement lists are available as attachments to the Equipment Replacement Fund Staff Report.	<u>(201,000)</u>



DATE: March 28, 2016

TO: Mayor and Members of the City Council
President and Members of the EMID Board of Directors

VIA: Kevin M. Miller, City / District Manager

FROM: Ann Ritzma, Human Resources Director/Risk Manager

SUBJECT: FY 2015-2016 Self-Insurance Fund Budget

Staff seeks reaffirmation of the City Council's Policy to maintain a minimum Self-Insurance Fund Reserve Balance of \$1 million. In addition, staff seeks Council direction for staff to prepare the FY 2016-2017 budget with the following department assessments.

Attached is the analysis of internal service charges and the preliminary proposed budget for FY 2016-2017 for the Self-Insurance Fund. The analysis shows the audited ending fund balance from FY 2014-2015 (June 30, 2015) as \$970,130. With revenues and expenditures projected through June 30, 2016, the estimated fund balance beginning FY 2016-2017 will be \$940,381 which is below the \$1 million reserve target due to increases in the General Liability insurance premium after the budget was adopted and an additional \$30,000 in costs associated with the processing of existing claims.

Expenditures

Expenditures in this fund represent the ABAG PLAN premium and an allowance for expenses that may be incurred below the \$100,000 liability self-insured retention (SIR) and property and vehicle damage deductibles.

For FY 2016-2017, the amount budgeted for premiums has increased by 15% which reflects changes in the insurance market and accounts for possible increases for Foster City's share in administrative overhead of ABAG PLAN (Pooled Liability Assurance Network). ABAG, which provides administrative support, is currently working to determine if the possible withdrawal of the MTC planning function will negatively impact the administrative costs for ABAG PLAN participants.

The final PLAN premiums, All Risk (Property) and Public Officials Bonding premiums will not be available from ABAG PLAN until the end of May 2016, so the figures may be adjusted, if needed, in the final FY 2016-2017 budget prior to adoption. Expenditures within the City's SIR are estimated to remain at \$100,000 which is consistent with current experience.

Revenues / Internal Service Charges

Revenues are derived from internal service charges to the City General Fund, Vehicle Replacement Fund, Water Fund and Wastewater Fund; interest earnings; and, any rebates of the ABAG PLAN premiums based on positive experience and ABAG PLAN policy. There are no anticipated rebates from ABAG and there are expected additional expenses associated with premium increases (projected to be 15%) as well as costs associated with ABAG's administrative overhead and the impact of MTC/ABAG planning functions.

Based upon projected reserves at the end of FY 2015-2016 which are projected below the \$1 million reserve and the projected expenditures for FY 2016-2017, Self-Insurance internal services charges in the following budgets will reflect the assessments as shown in Table 1: Self Insurance Charges.

Table 1: Self –Insurance Charges

Budget	FY 2015-16	FY 2016-17	Increase (Decrease)
General Fund - City Manager's Dept	\$ 175,900	\$ 266,500	\$ 90,600
Vehicle Replacement Fund	\$ 53,700	\$ 81,400	\$ 27,700
Water Fund	\$ 83,000	\$ 125,800	\$ 42,800
Wastewater Fund	\$ 83,000	\$ 125,800	\$ 42,800
	\$ 395,600	\$ 599,500	\$ 203,900

Attachments:

Attachment 1: FY 2016-2017 Self Insurance Fund Internal Service Charges Analysis

Attachment 2: FY 2016-2017 Self Insurance Fund Budget Narrative

Attachment 3: Draft FY 2016-2017 Operating Budget – Self Insurance Fund

Attachment 4: Summary for Self Insurance Fund Budget

FY 2016-2017 SELF INSURANCE FUND INTERNAL SERVICE CHARGES ANALYSIS

Fund Balance 6/30/15 (Actual)							\$ 970,130
<i>From FY 2014-2015 CAFR</i>							
				Original Budget	Revised Budget	Projected 6/30/2016	
Revenues FY 2015-2016				\$ 405,600	\$ 405,600	\$ 405,600	\$ 405,600
Department Assessments				395,600	395,600	395,600	
City GF	\$	175,900					
Vehicle	\$	53,700					
Water	\$	83,000					
Wastewater	\$	83,000					
Interest Earnings				\$ 10,000	\$ 10,000	\$ 10,000	
Expenditures FY 2015-2016				\$ 376,629	\$ 406,629	\$ 435,349	\$ (435,349)
SIR- New Claims				\$ 10,000	\$ 10,000	\$ 10,000	
SIR- Existing Claims				\$ 60,000	\$ 90,000	\$ 90,000	
Liability Premium				\$ 244,299	\$ 244,299	\$ 269,296	
All Risk & Bond				\$ 61,600	\$ 61,600	\$ 65,323	
Supplies and Services				\$ 730	\$ 730	\$ 730	
Fund Balance 6/30/16 (Projected)							\$ 940,381
				Proposed Budget		Projected 6/30/2017	
Revenues FY 2016-2017				\$ 609,500		\$ 609,500	\$ 609,500
Department Assessments				\$ 599,500		\$ 599,500	
City GF	\$	266,500					
Vehicle	\$	81,400					
Water	\$	125,800					
Wastewater	\$	125,800					
Interest Earnings				\$ 10,000		\$ 10,000	
Expenditures FY 2016-2017				\$ 455,542		\$ 505,542	\$ (505,542)
SIR- New Claims				\$ 10,000		\$ 30,000	
SIR- Existing Claims				\$ 60,000		\$ 90,000	
Liability Premium*				\$ 309,690		\$ 309,690	
All Risk & Bond*				\$ 75,122		\$ 75,122	
Supplies and Services				\$ 730		\$ 730	
Fund Balance 6/30/17 (Projected)							\$ 1,044,339
Target Fund Balance							\$ (1,000,000)
Difference							\$ 44,339

*Estimates, only. ABAG PLAN premium information for FY 2016-2017 is not yet final and is subject to change.

Self Insurance Fund

The Self Insurance Fund was established many years ago as a cost savings tool to address the high cost of purchasing commercial liability insurance. The City/District currently has a self-insured retention of \$100,000, meaning that the City/District pays all expenses associated with a claim up to the first \$100,000.

The City of Foster City is a member of a self-insured insurance pool known as ABAG PLAN that provides general liability coverage from \$100,000 to \$25,000,000 per claim. Any claim over \$25,000,000 is the City's responsibility. The pool also jointly purchases all-risk (property) and public officials' bond insurance coverage for member agencies.



Expenditures in this fund represent the ABAG PLAN premium and an allowance for expenses that may be incurred below the \$100,000 liability self-insured retention and property and vehicle damage deductibles. ABAG PLAN premiums are largely based on the member's payroll.

Revenues are derived from assessments to the City General Fund, vehicle replacement fund, water fund and sewer fund; interest earnings; and any rebates of the ABAG PLAN premiums based on positive experience and ABAG PLAN policy.

The Self-Insurance Fund is funded to a target reserve level of \$1 million.

Detail Line Item Report

Budget Home

SELF INSURANCE FUND

HUMAN RESOURCES - 20 Insurance and Risk Management
Account: 503-1220-415Division Notes
(2)Add Division
Note**Revenue** Add Revenue

	Approved 2015-2016	Requested 2016-2017
Revenue Total		\$0.00

ExpendituresAdd Exception Request **Capital Outlay** Add Line Item

	Approved 2015-2016	Requested 2016-2017
Capital Outlay Total	\$0.00	\$0.00

Add Exception Request **Employee Services** Add Line Item

	Approved 2015-2016	Requested 2016-2017
Employee Services Total	\$0.00	\$0.00

Add Exception Request **Internal Services** Add Line Item

	Approved 2015-2016	Requested 2016-2017
Internal Services Total	\$0.00	\$0.00

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2015-2016	Requested 2016-2017
503-1220-415-4241	COPIES Add Item Note	\$100.00	\$100.00
	Subtotal	\$100.00	\$100.00
503-1220-415-4242	POSTAGE Add Item Note	\$100.00	\$100.00
	Subtotal	\$100.00	\$100.00
503-1220-415-4251	CLAIM SETTLEMENTS, DEFENSE COSTS, OTHER EXPENSES Edit Item Note	\$70,000.00	\$120,000.00
	Subtotal	\$70,000.00	\$120,000.00
503-1220-415-4253	PARMA MEMBERSHIP DUES Edit Item Note	\$110.00	\$110.00
503-1220-415-4253	PRIMA MEMBERSHIP DUES Edit Item Note	\$420.00	\$420.00
	Subtotal	\$530.00	\$530.00
503-1220-415-			

SUMMARY FOR SELF-INSURANCE FUND BUDGET

Budget	Projected FY 2015-16	FY 2016-17	Increase (Decrease)	Notes
Revenue				
General Fund - City Manager's Dept	\$ 175,900	\$ 266,500	\$ 90,600	
Vehicle Replacement Fund	\$ 53,700	\$ 81,400	\$ 27,700	
Water Fund	\$ 83,000	\$ 125,800	\$ 42,800	
Wastewater Fund	\$ 83,000	\$ 125,800	\$ 42,800	
Interest	\$ 10,000	\$ 10,000	\$ 0	
	\$ 405,600	\$ 609,500	\$ 203,900	1
Expenditures				
SIR New Claims	\$ 10,000	\$ 30,000	\$ 20,000	2
SIR Existing Claims*	\$ 90,000	\$ 90,000	\$ 0	2
Liability Premium	\$ 269,296	\$ 309,690	\$ 40,394	3
All Risk and Bond	\$ 65,323	\$ 75,122	\$ 9,799	3
Supplies and Services	\$ 730	\$ 730	\$ 730	
	\$ 435,349	\$ 455,542	\$ 70,923	

Fund Balance	Actual 6/30/15	Projected 6/30/16	Projected 6/30/17		
	\$970,130	\$ 940,381	\$ 1,044,339		

Note 1:

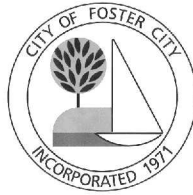
The increase of \$203,900 for the Self-Insurance Fund is due to a 15% increase in the insurance premiums (General Liability, Bond and Risk) over the actual premiums for FY 2015-2016, increased costs to settle new and existing claims with a third party administrator and the additional revenue necessary to bring the reserve to \$1 million.

Note 2:

Average claims administration costs utilizing a third party claims administrator and the City's claims experience have increased. * The projected budget includes an additional appropriation of \$30,000 for FY 2015-2017 bringing the total for new and existing claims to \$100,000 and budgeting \$120,000 for FY 2016-2017.

Note 3:

The actual FY 2015-2016 premiums for all insurance were 10% higher than the ABAG estimate. ABAG has now recommended budgeting 15% above the FY 2015-2016 premium for FY 2016-2017.



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Dante Hall, Assistant City Manager
Rob Lasky, IT Manager

SUBJECT: FY 2016-2017 Information Technology Internal Service Fund Budget

Attached are the spreadsheets for the Information Technology Equipment Replacement Fund. The City continues to use the Internal Service Fund Methodology developed in FY 2005-2006 in determining the Information Technology Replacement Fund listing for FY 2016-2017.

Total IT internal service charges for FY 2016-2017 will be \$1,746,674 which is \$201,395 (approximately 13.0%) higher than internal service charges for FY 2015-2016 of \$1,545,279. The overall increase is related primarily to new projects, changes in maintenance costs, and personnel costs.

On an annual basis the Information Technology Division reviews with each department its list of assets to determine which items are no longer needed, which equipment should be replaced or which new assets will be requested. The replacement lives and values of each asset are also reviewed by the IT Division and adjusted where necessary. Assets that are fully funded are not automatically replaced. If it is determined that an asset is in good working condition, the asset replacement life is extended and the accrual is frozen and no additional replacement charges are accrued.

The following summarizes the items that had the highest impact in the increase of replacement charges:

Description	Impact
New Projects	\$60,000
<u>Website Management Software System</u> : The software that runs the City's website and allows for distributed website editing by all departments is in need of replacement. The software has not been replaced since 2001, and was not captured on the Replacement Fund, so there will be a one-time migration charge in this year's budget. After replacement, it will be added to the replacement list so we will have funding for the next time it needs to be replaced.	

Financial System RFP Development: Similar to the process we used in the Permitting/Inspection System RFP process, we would bring on a consultant to help develop our feature/function list and develop the RFP for a replacement Financial/Payroll System. The actual Financial System replacement would be budgeted in FY 2017-18.	\$30,000
Changes in Maintenance Costs Business Continuity/Disaster Recovery options: Based on the outcome of the Disaster Recovery Planning process in FY 2015-16, we will be looking to add solutions to improve the availability of critical systems in the event of a disaster.	\$20,000
GIS Software Maintenance: The old GIS software was no longer supported by the manufacturer, so there were no annual maintenance costs. With the updates to the GIS system, we will be paying annual software maintenance to get access to the latest updates and as well as tech support from the vendor.	\$30,000
Personnel Increases in overall personnel costs are due to scheduled increases in the Compensation and Benefit Plan as well as step increases for staff members. In addition, we have requested to bring on a temporary intern to assist with the website migration project.	\$49,900

Savings were achieved because miscellaneous assets were deferred by departments but those savings were not sufficient to offset the increases listed above. See attachment #4 for added or deleted items.

Items Scheduled to be Replaced:

See attachment #3 Schedule of Items to be Replaced.

Useful Life of Assets:

See attachment #5 Changes to Estimated Useful Lives.

Attachments:

- Draft FY 2016-2017 Operating Budget – Information Technology Fund (#1)
- Department Internal Services Charges Allocation Summary for FY 2016-2017 (#2)
- Schedule of Items to be Replaced for FY 2016-2017 (#3)
- Items Added To or Deleted From the Equipment Replacement List for FY 2016-2017 (#4)
- Changes to Estimated Useful Lives for FY 2016-2017 (#5)
- Changes to Replacement Values for FY 2016-2017 (#6)
- Budget Narrative for FY 2016-2017 - Information Technology Fund (#7)
- Budget Comparison - Information Technology Fund (#8)

CITY/DISTRICT MANAGER - IT

Account: 504-0160-419

Division Notes (99)

Add Division Note

Revenue Add Revenue

	Approved 2015-2016	Requested 2016-2017
Revenue Total		\$0.00

Expenditures

Add Exception Request Capital Outlay Add Line Item

		Approved 2015-2016	Requested 2016-2017
504-0160-419-4388	Carryover - Document Management Software Add Item Note	\$0.00	\$50,000.00
504-0160-419-4388	Carryover - GIS Software Add Item Note	\$0.00	\$40,000.00
504-0160-419-4388	Carryover - Permitting/Inspection Software Add Item Note	\$0.00	\$200,000.00
504-0160-419-4388	Copier Replacements (2 Recreation, 2 PubWorks) Edit Item Note	\$37,800.00	\$0.00
504-0160-419-4388	Desktop PC Replacements Edit Item Note	\$37,525.00	\$7,000.00
504-0160-419-4388	Document/Agenda Management Software Replacement Edit Item Note	\$80,000.00	\$0.00
504-0160-419-4388	EOC/Policy Room AV Equipment Add Item Note	\$0.00	\$15,000.00
504-0160-419-4388	Fire RMS Software Replacement Edit Item Note	\$20,000.00	\$0.00
504-0160-419-4388	IBM iSeries Server Replacement Add Item Note	\$0.00	\$41,000.00
504-0160-419-4388	Laptop Replacements Edit Item Note	\$0.00	\$3,000.00
504-0160-419-4388	Laptop Replacements Edit Item Note	\$13,600.00	\$0.00
504-0160-419-4388	Scada System Server Replacements Edit Item Note	\$0.00	\$7,950.00
504-0160-419-4388	Server Replacements Edit Item Note	\$44,000.00	\$0.00
504-0160-419-4388	Server Room Battery Backup Replacements Edit Item Note	\$8,000.00	\$0.00
504-0160-419-4388	Server Room Network Switch Replacements Edit Item Note	\$13,500.00	\$0.00
504-0160-419-4388	Training Computer Repalcements Add Item Note	\$8,500.00	\$0.00
504-0160-419-4388	Voice Recording System for 911 Edit Item Note	\$0.00	\$30,000.00
	Subtotal	\$262,925.00	\$393,950.00
	Capital Outlay Total	\$262,925.00	\$393,950.00

Add Exception Request Employee Services Add Line Item

		Approved 2015-2016	Requested 2016-2017
504-0160-419-4110	PERMANENT SALARIES Add Item Note	\$414,700.00	\$431,000.00
504-0160-419-4110	TEMPORARY PART-TIME INTERN Add Item Note	\$0.00	\$15,000.00
	Subtotal	\$414,700.00	\$446,000.00

504-0160-419-4120	FRINGE BENEFITS (F/T Salaries)	Add Item Note	\$174,500.00	\$183,700.00
504-0160-419-4120	TEMPORARY PART-TIME INTERN FRINGE	Add Item Note	\$0.00	\$4,500.00
Subtotal			\$174,500.00	\$188,200.00
Employee Services Total			\$589,200.00	\$634,200.00

Add Exception Request **Internal Services** Add Line Item

			Approved 2015-2016	Requested 2016-2017
504-0160-419-4520	COMPENSATED ABSENCES	Add Item Note	\$1,400.00	\$6,300.00
Subtotal			\$1,400.00	\$6,300.00
Internal Services Total			\$1,400.00	\$6,300.00

Add Exception Request **Services and Supplies** Add Line Item

			Approved 2015-2016	Requested 2016-2017
504-0160-419-4240	CONTINGENCY / EMERGENCY EQUIPMENT REPLACEMENT	Add Item Note	\$50,000.00	\$50,000.00
Subtotal			\$50,000.00	\$50,000.00
504-0160-419-4241	COPIES	Add Item Note	\$500.00	\$750.00
Subtotal			\$500.00	\$750.00
504-0160-419-4242	POSTAGE FOR CORRESPONDENCE, PACKAGES, ETC.	Add Item Note	\$300.00	\$300.00
Subtotal			\$300.00	\$300.00
504-0160-419-4243	OFFICE SUPPLIES	Add Item Note	\$400.00	\$400.00
Subtotal			\$400.00	\$400.00
504-0160-419-4245	REPLACEMENT MONITORS & PROJECTORS (AS NEEDED)	Add Item Note	\$7,000.00	\$7,000.00
504-0160-419-4245	WEBSITE MANAGEMENT SOFTWARE SYSTEM	Add Item Note	\$0.00	\$60,000.00
Subtotal			\$7,000.00	\$67,000.00
504-0160-419-4246	AGENDA/MINUTES/VIDEO STREAMING ANNUAL FEE	Edit Item Note	\$8,500.00	\$8,500.00
504-0160-419-4246	BACKUP HARDWARE MAINT AND CLOUD REPLICATION	Edit Item Note	\$0.00	\$22,000.00
504-0160-419-4246	BUSINESS CONTINUITY SERVICES	Add Item Note	\$0.00	\$20,000.00
504-0160-419-4246	CITIZEN REQUEST MAINTENANCE APP (SeeClickFix)	Add Item Note	\$0.00	\$7,000.00
504-0160-419-4246	DEPT SPECIALIZED SOFTWARE	Edit Item Note	\$17,000.00	\$12,000.00
504-0160-419-4246	DOCUMENT MANAGEMENT SOFTWARE MAINTENANCE	Edit Item Note	\$17,000.00	\$17,000.00
504-0160-419-4246	FIREWALL MAINTENANCE	Edit Item Note	\$14,000.00	\$15,000.00
504-0160-419-4246	GIS SOFTWARE MAINTENANCE	Edit Item Note	\$13,000.00	\$40,000.00
504-0160-419-4246	HTE SOFTWARE ANNUAL SUPPORT	Edit Item Note	\$65,000.00	\$65,000.00
504-0160-419-4246	ISeries SOFTWARE & HARDWARE MAINTENANCE	Edit Item Note	\$7,500.00	\$1,000.00
504-0160-419-4246	MICROSOFT SERVER, OFFICE AND CAL LICENSES - EA	Edit Item Note	\$53,000.00	\$54,000.00
504-0160-419-4246	OTHER MISC MAINTENANCE AS REQUIRED	Edit Item Note	\$66,000.00	\$56,000.00
504-0160-419-4246	POLICE DISPATCH BATTERY BACKUP MAINTENANCE	Add Item Note	\$2,500.00	\$2,500.00

4.4.5 - 4

504-0160-419-4246	POLICE SOFTWARE MAINTENANCE (CAD/RMS, OTHERS)	Edit Item Note	\$35,000.00	\$36,000.00
504-0160-419-4246	PRINTER&SCANNER MAINT/TONER/REPAIR	Add Item Note	\$7,000.00	\$7,000.00
504-0160-419-4246	TELEPHONE MAINTENANCE	Edit Item Note	\$14,000.00	\$14,000.00
504-0160-419-4246	VIRUS SOFTWARE MAINTENANCE	Edit Item Note	\$6,000.00	\$6,000.00
504-0160-419-4246	WEB CONTENT SOFTWARE MAINTENANCE	Add Item Note	\$7,000.00	\$0.00
Subtotal			\$332,500.00	\$383,000.00
504-0160-419-4248	AT&T TELEPHONE SERVICES	Edit Item Note	\$37,000.00	\$37,000.00
504-0160-419-4248	CELL PHONE (CINGULAR/VERIZON)	Edit Item Note	\$18,000.00	\$19,000.00
504-0160-419-4248	DATA ACCESS IN VEHICLES (PD/IT)	Edit Item Note	\$6,000.00	\$6,000.00
504-0160-419-4248	INTERNET SERVICE PROVIDER	Edit Item Note	\$23,000.00	\$26,000.00
504-0160-419-4248	LONG DISTANCE TELEPHONE SERVICES	Add Item Note	\$1,000.00	\$0.00
Subtotal			\$85,000.00	\$88,000.00
504-0160-419-4251	BUSINESS CONTINUITY CONSULTING SERVICES	Add Item Note	\$25,000.00	\$0.00
504-0160-419-4251	CONSULTING - RFP DEVELOPMENT OF ERP SYSTEM	Add Item Note	\$0.00	\$30,000.00
504-0160-419-4251	GIS INTEGRATION SERVICES	Add Item Note	\$30,000.00	\$30,000.00
Subtotal			\$55,000.00	\$60,000.00
504-0160-419-4253	IT - MEMBERSHIPS, DUES, SUBSCRIPTIONS	Add Item Note	\$700.00	\$700.00
Subtotal			\$700.00	\$700.00
504-0160-419-4254	IT STAFF CONFERENCES	Edit Item Note	\$1,500.00	\$1,500.00
504-0160-419-4254	SUNGARD USER CONFERENCE (3)	Edit Item Note	\$1,500.00	\$4,500.00
Subtotal			\$3,000.00	\$6,000.00
504-0160-419-4255	IT TECHNICAL TRAINING	Add Item Note	\$2,500.00	\$7,500.00
504-0160-419-4255	SECURITY AWARENESS TRAINING SUBSCRIPTION	Add Item Note	\$2,500.00	\$2,500.00
504-0160-419-4255	SUNGARD END USER WEBINAR TRAININGS	Add Item Note	\$1,500.00	\$2,500.00
Subtotal			\$6,500.00	\$12,500.00
504-0160-419-4259	CITY-WIDE HARDWARE & SOFTWARE (UNDER \$1,000)	Edit Item Note	\$14,000.00	\$14,000.00
504-0160-419-4259	ELECTRONIC SIGNAGE/KIOSKS	Add Item Note	\$5,000.00	\$0.00
504-0160-419-4259	IT - PC SOFTWARE & HARDWARE	Add Item Note	\$5,000.00	\$5,000.00
504-0160-419-4259	MISC DEPARTMENT PRINTER/SCANNER REPLACEMENTS	Add Item Note	\$3,000.00	\$3,000.00
Subtotal			\$27,000.00	\$22,000.00
Services & Supplies Total			\$567,900.00	\$690,650.00
IT Total - Before Reallocation			\$1,421,425.00	\$1,725,100.00

Add Exception Request **Reallocation** Add Line Item

Reallocation Total	Approved 2015-2016	Requested 2016-2017
	\$0.00	\$0.00
	IT Total	\$1,421,425.00 \$1,725,100.00

[illegible]

**City of Foster City
Information Technology Internal Services Fund
Schedule of Items to be Replaced
FY 2015-16**

Item Description	Replacement Cost
911 Voice Recording System	\$30,000.00
Apple PCs for FCTV	\$7,000.00
EOC/Policy Room AV Equipment	\$15,000.00
IBM iSeries Server Replacement	\$41,000.00
Laptop Replacements	\$3,000.00
Scada System Server Replacements	\$7,950.00
Subtotal - New Replacements FY 16-17	\$ 103,950
Carryover - Document Management Software	\$50,000.00
Carryover - GIS Software	\$40,000.00
Carryover - Permitting/Inspection Software	\$200,000.00
Subtotal - Carryovers from FY 15-16	\$ 290,000
Total - Replacements	\$ 393,950

**IT ISF Revised Analysis
Attachment # 4**

City of Foster City				
Information Technology Internal Services Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased (Anticipated to be purchased)	Replacement Value	Comments (if any)
Items Added				
Desktop Computers (8)	Misc Departments	FY 15-16	6,400	Communications Division added 2 desktops, Parks/Rec requested 2 desktops at the Community Center, 2 desktops at the Rec Center and 1 desktop at the Corpyard, and Police requested 1 new desktop in the detective wing
Laptop Computers (6)	Misc Departments	FY 15-16	6,000	Communications Division added 2 laptops, and Finance added 1 laptop
Items Deleted				
Desktop Computer	Fire	FY 15-16	800	Computer was for the Fire Chief. The PC for Chief Healy was transferred from his old office, and was provided by San Mateo
Rec Marquee Server	Rec	FY 15-16	1,525	A server will no longer be required with the new Marquee hardware, as the display boards will now be part of the sign
Desktop Computer	PW Yard	FY 14-15	800	The PC for the CCTV van is a more complex install than a standard desktop PC, so it will be purchaed when the van is replaced.

**IT Revised Analysis
Attachment # 5**

City of Foster City						
Information Technology Internal Services Fund						
Changes to Estimated Useful Lives						
For FY 2016-2017						
Description	Department	Date Purchased (Anticipated to be purchased)	Original Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)	Comments (if any)
Terminal - Cash Register	Fin	FY 16-17	6	4	-2	Changing from dumb terminal to PC

**IT ISF Revised Analysis
Attachment # 6**

City of Foster City					
Information Technology Internal Services Fund					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Original Replacement Value	Revised Replacement Value	Increase (Decrease)
Copiers	Rec	FY 15-16	5,500	9,500	4,000
Copiers	PWEng	FY 15-16	24,600	23,000	(1,600)
Backup Solution	IT	FY 15-16	25,000	30,000	5,000
Vmware Host Servers	IT	FY 15-16	30,000	75,000	45,000
Permitting/Land Management Software	IT	FY 15-16	270,000	300,000	30,000
IBM iSeries Server	IT	FY 16-17	50,000	40,000	(10,000)
Fire RMS Software	Fire	FY 15-16	20,000	32,000	12,000
		TOTAL	425,100	509,500	84,400

Information Technology Fund

The role of Information Technology is to provide responsive, secure and effective support of the City's network, applications and communication services by coordinating and overseeing the budgeting, planning, implementation, operation and maintenance of City-wide systems and ensure that systems development or implementation proceeds in a logical, integrated and cost-effective manner.

The Information Technology Fund is an Internal Services fund that accounts for the City's investment (both capital and people) in Information Technology. Operating departments are charged back for all of the expenses incurred in this fund based upon their utilization of such technology. Charge backs also include a charge for IT equipment replacement.



PROPOSED SERVICE LEVELS

The objective of the IT Division of the City Manager Department is to support and maintain the existing Information Technology infrastructures, enterprise-wide and department applications, systems and hardware. IT will continue to have as its highest priority the maintenance of existing network infrastructure, maintaining existing software solutions (of which public safety and financial applications will receive the highest priority of service), and providing desktop support for operating departments. IT will provide proactive assistance in helping departments review business processes, developing or acquiring new applications or revising existing applications and improving existing network infrastructure to support streamlined business processes.

- Support and maintain the existing infrastructures, enterprise-wide and department applications, systems and hardware.
- Maintain at all times the Public Safety applications and Financial Systems that have been identified as critical systems. High priority would be given to the services and systems that support the entire organization.
- Support and maintain the existing applications developed by the City. In addition, support and maintain new development on an as-needed basis.
- Support and maintain the existing 3rd party applications. Work with City departments to integrate new applications, systems or devices.
- Support and maintain network security, virus protection and network administration to protect the City's infrastructure.
- Maintain the City's data / voice communication systems and Internet presence.
- Provide staff training and support for maximum utilization of existing software applications and hardware.

The Information Technology Division's on-going goals, completed initiatives and anticipated initiatives are included in the City Manager Department budget narrative.

Total IT internal service charges for FY 2016-2017 will be \$ 1,746,674 which is \$201,395 (or ~ 13.0%) higher than internal service charges for FY 2015-2016 of \$1,545,279.

- New Projects: A Website Management Software System Replacement and RFP Development for a Replacement Financial/Payroll Software System are two new projects that will be undertaken in FY 2016-2017.
- Changes in Maintenance Costs: The addition of Business Continuity/Disaster Recovery solutions and annual maintenance costs for updated GIS Software is contributing to an increase in maintenance costs
- Personnel: Increases included in the compensation and benefit plan as well as step increases are resulting in increased personnel costs. In addition, we have requested to bring on a temporary intern to assist with the website migration project.

Capital Outlay – Listed below are the items identified by Departments and Information Technology Division in need of acquisition or replacement.

- 911 Voice Recording System
- Apple PCs for FCTV
- EOC/Policy Room AV Equipment
- IBM iSeries Server Replacement
- Laptop Replacements
- Scada System Server Replacements

Carryovers – Listed below are items that are requested to carry over funds from FY 2015-2016.

- Carryover - Document Management Software
- Carryover - GIS Software
- Carryover - Permitting/Inspection Software

Information Technology Fund Comparison

Account		Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4388	Capital Outlay	262,925	393,950	131,025	1
4110	Salaries	414,700	446,000	31,300	2
4120	Benefits	174,500	188,200	13,700	3
4520	Compensated Absences	1,400	6,300	4,900	4
4240	Contingency Replacement	50,000	50,000	-	5
4241	Copies	500	750	250	6
4242	Postage	300	300	-	7
4243	Office Supplies	400	400	-	8
4245	Tools and Equipment	7,000	67,000	60,000	9
4246	Maintenance	332,500	383,000	50,500	10
4248	Utilities and Communications	85,000	88,000	3,000	11
4251	Consulting and Contracting	55,000	60,000	5,000	12
4253	Memberships and Dues	700	700	-	13
4254	Travel, Conferences, and Meetings	3,000	6,000	3,000	14
4255	Training	6,500	12,500	6,000	15
4259	Misc Software and Hardware	27,000	22,000	(5,000)	16
		<u>1,421,425</u>	<u>1,725,100</u>	<u>303,675</u>	

Detailed Analysis:

		Increase (Decrease) Rounded to nearest \$1,000
Note 1	Capital Outlay \$290,000 is in carryovers for 3 projects. So NEW Capital Outlay (which all comes out of the already accrued replacement funds) is actually only \$103,950 which is \$158,000 less than last year	131,000
Note 2	Salaries No personal changes, contractual COLA 2% and adjustment due to salary steps, as well as \$15,000 for PT Website Intern	31,000
Note 3	Benefits Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc) and \$5,000 for PT Website intern.	14,000
Note 4	Compensated Absences Increase based on historical usage.	5,000
Note 5	Contingency Replacement Unchanged, and unused in 2015-16	-
Note 6	Copies Small change to reflect 2015-16 actual	-
Note 7	Postage Unchanged	-
Note 8	Office Supplies Unchanged	-
Note 9	Tools and Equipment Website replacement project added - this was not accrued in replacement fund	60,000
Note 10	Maintenance Additions include SeeClickFix (7,000), Disaster Recovery Solutions (20,000), and an increase to GIS Software maintenance (27,000). Some decreases in other items, though	51,000
Note 11	Utilities and Communications Small change to reflect 2015-16 actual	3,000
Note 12	Consulting and Contracting Addition of Consulting for ERP RFP Development (30,000), removal of Business Continuity Consulting (25,000)	5,000
Note 13	Memberships and Dues Unchanged	-
Note 14	Travel, Conferences, and Meetings Added additional staff to travel to SunGard conference for new Permitting Software	3,000
Note 15	Training Added more funding for IT Technical Training	6,000
Note 16	Misc Software and Hardware Removed additional funding for Signage and Kiosks	(5,000)
	Net Increase	<u>304,000</u>



TO: Mayor and Members of the City Council

VIA: Kevin Miller, City Manager

FROM: Jennifer Liu, Parks and Recreation Director

DATE: March 28, 2016

SUBJECT: Building Maintenance Fund

RECOMMENDATION

It is recommended that the City Council review the information in this report and provide policy direction regarding funding Building Maintenance activities within the FY 2016-17 budget.

BACKGROUND

The Building Maintenance Division manages seven City facilities totaling 175,867 square feet. The Division staff includes the Director of Parks and Recreation (15% time), a 50% time Manager (50% shared with the Vehicle Maintenance Division) and four (4) Building Maintenance Worker positions. The standard of care includes ensuring that all City facilities are safe and clean by completing work requests, emergency and regular repairs in a timely manner with the support of outside contractors to assist with preventative maintenance tasks and special projects.

Building Maintenance Division Staff duties include but are not limited to:

- Emergency Repairs – such as a gas leak or a water pipe break
- Work Requests – such as an electrical outlet failure or carpet stain removal
- Regular Repairs – lighting ballast replacement or restroom plumbing
- Supplies/Inventory – order and organize regularly stocked supplies and materials
- Preventative Maintenance –within Industry Standards, such as inspect fire extinguishers monthly
- Special Projects – such as resurfacing of Lagoon Room floors and refurbishment of the Lagoon Room bar area.
- ERF-Staff manages and oversees building Equipment Replacement Funds

There are no major Building Equipment Replacement Fund projects planned for FY 2016-17.

The cost to the General and Enterprise funds is distributed among the various City departments based on Building Maintenance Division Internal Service Fund (ISF)

charge allocations that are determined by the actual square footage that each department utilizes.

ANALYSIS

The chargebacks to the Departments are made up of a combination of costs for replacement items and cost for the on-going Building Maintenance operation, such as personnel costs and the cost of supplies and services related to maintaining City facilities.

Replacement Item Costs

City facilities are a critical element of the City's infrastructure and maintaining these facilities is a very high priority for our Building Maintenance staff but and our City as a whole. Building Maintenance staff has done an excellent job of finding solutions for on-going repair needs, but as these buildings age and repairs become more and more prevalent, it will be necessary to take a holistic look at our facilities in order to maximize the efficient use of staff time and to ensure the on-going structural integrity of the facilities themselves.

In order to keep our buildings up to date, the Building Maintenance Equipment Replacement Fund provides a funding mechanism for on-going large maintenance projects that are needed in the categories of Roofing, Paint, Carpet/Flooring and HVAC. These projects have a finite lifespan, relatively high cost and predictable need for replacement.

Staff and Council have been proactively discussing the aging of City's infrastructure in the context of the City's fiftieth anniversary of incorporation. There is a need to ensure that this list is in proper order as we embark on infrastructure projects. The existing list includes 29 items (roof, paint, carpet/flooring, HVAC) with a replacement basis for all items of approximately \$2.6 million. Through preliminary fund analysis we found that there was a need to do a significant update to add assets and ensure that replacement estimates match today's actual costs. Staff will undertake a detailed analysis over the course of Fiscal Year 2016-17 and come back to Council with a recommendation.

Operations Costs

Building Maintenance operations costs (e.g., personnel and supplies) are recommended to be increased by approximately \$100,000 overall as shown in the attachments. The most significant increase is the cost for City-wide janitorial services. The budget for City-wide janitorial services has not increased for over seven years; however, contractual costs have continued to escalate due to mandated increases related to healthcare and minimum wage. In addition, utility costs have increased, especially water costs.

FISCAL IMPACT

There are no significant changes to cost or useful life of Building Maintenance Replacement items. Building Maintenance operations costs (e.g., personnel and

supplies) are recommended to be increased by approximately \$100,000 overall as discussed above and shown in the attachments.

Attachments:

- Building Maintenance Fund Narrative
- Building Maintenance Operating Budget Detail Line Item Report (Operating Budget)
- Internal Service Charges Allocation to Facilities and Departments for Fiscal Year 2016-2017
- Items to be Replaced for Fiscal Year 2016-2017
- Items Added To or Deleted From the Equipment Replacement List for Fiscal year 2016-2017
- Changes to Estimated Useful Lives for FY 2016-2017
- Changes to Replacement Values for FY 2016-2017
- Building Maintenance Budget Comparison

Building Maintenance Fund



Mission: To provide management, maintenance, and daily inspection of all City/District buildings and equipment.



The Building Maintenance Division will continue to develop ongoing maintenance systems and procedures for City-wide facilities. To maintain the diverse facilities and hours of operation, staff will provide efficient, timely and quality service to meet community needs and industry standards. The Division will continue to evaluate building maintenance functions and its service requirements.

PROPOSED SERVICE LEVELS

The Building Maintenance Division manages City facilities totaling 175,867 square feet. The Division staff includes the Director of Parks and Recreation (15% time); a 50% time Building/Vehicle Manager; and four (4) Building Maintenance Worker I/II positions. The standard of care includes ensuring that all City facilities are safe and clean by completing work requests, emergency and regular repairs in a timely manner with the support of outside contractors to assist with preventative maintenance tasks and special projects.

Building Maintenance Division Staff duties include but are not limited to:

- Emergency Repairs – such as a gas leak or a water pipe break
- Work Requests – such as an electrical outlet failure or carpet stain removal
- Regular Repairs – lighting ballast replacement or restroom plumbing
- Supplies/Inventory – order and organize regularly stocked supplies and materials, such as light bulbs
- Preventative Maintenance – within Industry Standards, such as inspecting fire extinguishers monthly
- Special Projects and Capital Improvement Projects – such as painting a facility interior or exterior

Janitorial Service

- Janitorial services are under City contract to complete all janitorial tasks.



Outside Contractors

- Staff will continue to utilize contractors to complete work beyond the scope of their professional training and to assist in completing preventative maintenance work (such as elevator inspections, repairs, and monitoring; heating and air conditioning unit repair and regular maintenance).

ACCOMPLISHMENTS

- Replaced HVAC in Fire Department, Police Department, Recreation Department and Community Center
- Installed Delta Controls in Recreation Building
- Installed new roof on Library/Community Center
- Installed new door openers for the Fire Department
- Installed hands free faucets and soap dispenser in Recreation bathrooms
- Replaced carpets at City Hall, Fire Department, and Police Department
- Installed Kerri gate
- Replaced HVAC at Recreation Center
- Installed faucets at Recreation Center

CHANGES IN RESOURCES REQUIRED

This Division requires the staff adjustments outlined as part of the Department succession plan to protect public and employee safety and the City infrastructure.

Personnel

- Change 50/50 Building/Vehicle Maintenance Worker to 100% Building Maintenance Worker

Service and Supplies

- Building Materials (increase by \$10,000)
- Fire Department Automatic Doors (increase by \$5,000)
- Sustainability Projects (new line item of \$10,000)
- Standby Generator Repair and Annual Maintenance (increase by \$12,500)
- Utilities for All City Facilities and Joint Use with School District (increase by \$35,000)
- Solar Maintenance (new line item of \$20,000)
- Citywide Janitorial Contract (increase by \$86,000)

Capital Outlay

- City Hall conference room chairs (new line item of \$7,500)

Equipment Replacement Charges

- The Division will continue to plan for equipment replacement costs for such items as roofing, carpets, painting, and HVAC (heating/ventilation/air conditioning) units by including them in the Building Maintenance internal service charges allocated to operating departments. This allows the City to proactively fund the replacement of these vital building improvements.

Detail Line Item Report

Budget Home

BUILDING MAINTENANCE

PARKS & RECREATION - Building Maintenance		Account: 505-0550-419	Division Notes (6)	Add Division Note
Revenue		Add Revenue		
			Approved 2015-2016	Requested 2016-2017
		Revenue Total		\$0.00
Expenditures				
Add Exception Request		Capital Outlay	Add Line Item	
			Approved 2015-2016	Requested 2016-2017
505-0550-419-4385	BUILDING CONTINGENCY	Add Item Note	\$50,000.00	\$50,000.00
505-0550-419-4385	CAPITAL OUTLAY	Add Item Note	\$82,250.00	\$0.00
505-0550-419-4385	CITY HALL CONFERENCE ROOM CHAIRS	Add Item Note	\$0.00	\$7,500.00
505-0550-419-4385	FIRE TOWER RENOVATION	Add Item Note	\$26,500.00	\$0.00
		Subtotal	\$158,750.00	\$57,500.00
		Capital Outlay Total	\$158,750.00	\$57,500.00
Employee Services				
Add Exception Request		Employee Services	Add Line Item	
			Approved 2015-2016	Requested 2016-2017
505-0550-419-4110	PERMANENT SALARIES	Add Item Note	\$348,500.00	\$350,800.00
		Subtotal	\$348,500.00	\$350,800.00
505-0550-419-4112	OVERTIME	Add Item Note	\$2,160.00	\$5,000.00
		Subtotal	\$2,160.00	\$5,000.00
505-0550-419-4120	FRINGE BENEFITS	Add Item Note	\$191,100.00	\$172,300.00
		Subtotal	\$191,100.00	\$172,300.00
		Employee Services Total	\$541,760.00	\$528,100.00
Internal Services				
Add Exception Request		Internal Services	Add Line Item	
			Approved 2015-2016	Requested 2016-2017
505-0550-419-4520	COMPENSATED ABSENCES	Add Item Note	\$1,200.00	\$5,178.00
		Subtotal	\$1,200.00	\$5,178.00

505-0550-419-4544	VEHICLE REPLACEMENT <small>Add Item Note</small>	\$28,118.00	\$46,003.00
	Subtotal	\$28,118.00	\$46,003.00
505-0550-419-4556	EQUIPMENT REPLACEMENT <small>Add Item Note</small>	\$23,511.00	\$27,584.00
	Subtotal	\$23,511.00	\$27,584.00
505-0550-419-4557	INFORMATION TECHNOLOGY SERVICES <small>Add Item Note</small>	\$26,751.00	\$29,795.00
	Subtotal	\$26,751.00	\$29,795.00
	Internal Services Total	\$79,580.00	\$108,560.00

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2015-2016	Requested 2016-2017
505-0550-419-4243	DEPARTMENT SUPPLIES <small>Add Item Note</small>	\$3,000.00	\$5,840.00
	Subtotal	\$3,000.00	\$5,840.00
505-0550-419-4246	BLDG. MATERIAL - LUMBER, HARDWARE, PAINT, ETC. <small>Add Item Note</small>	\$20,000.00	\$30,000.00
505-0550-419-4246	CARPET/WINDOW MAINTENANCE <small>Add Item Note</small>	\$14,000.00	\$14,000.00
505-0550-419-4246	ELECTRICAL SUPPLIES AND REPAIRS <small>Add Item Note</small>	\$5,000.00	\$5,000.00
505-0550-419-4246	FIRE DEPARTMENT AUTOMATIC DOOR MAINTENANCE <small>Add Item Note</small>	\$7,500.00	\$12,500.00
505-0550-419-4246	FIRE TRAINING TOWER ANNUAL MAINTENANCE <small>Add Item Note</small>	\$10,000.00	\$10,000.00
505-0550-419-4246	GOVERNMENT CENTER FOUNTAIN MAINTENANCE <small>Add Item Note</small>	\$5,100.00	\$5,100.00
505-0550-419-4246	GOVERNMENT CENTER MAINTENANCE <small>Add Item Note</small>	\$58,000.00	\$58,000.00
505-0550-419-4246	HVAC REPAIR AND MAINTENANCE <small>Add Item Note</small>	\$27,025.00	\$27,025.00
505-0550-419-4246	JANITORIAL SUPPLIES <small>Add Item Note</small>	\$36,000.00	\$40,000.00
505-0550-419-4246	LOCKS AND KEYS <small>Add Item Note</small>	\$3,000.00	\$3,000.00
505-0550-419-4246	PEST CONTROL FOR CITY BUILDINGS <small>Add Item Note</small>	\$8,700.00	\$8,700.00
505-0550-419-4246	PLUMBING SUPPLIES <small>Add Item Note</small>	\$2,000.00	\$2,000.00
505-0550-419-4246	SECURITY CAMERA MAINTENANCE <small>Add Item Note</small>	\$3,000.00	\$3,000.00
505-0550-419-4246	STANDBY GENERATORS REPAIR <small>Add Item Note</small>	\$7,630.00	\$20,130.00
505-0550-419-4246	SUSTAINABILITY PROJECTS <small>Add Item Note</small>	\$0.00	\$10,000.00
505-0550-419-	VANDALISM REPAIRS <small>Add Item Note</small>	\$1,000.00	\$1,000.00

4246

Subtotal **\$207,955.00** **\$249,455.00**

505-0550-419-4248	UTILITIES FOR ALL CITY FACILITIES/JOINT USE	Add Item Note	\$426,817.00	\$461,817.00
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Subtotal **\$426,817.00** **\$461,817.00**

505-0550-419-4251	CITYWIDE JANITORIAL SERVICES	Add Item Note	\$164,419.00	\$250,000.00
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505-0550-419-4251	DISPOSAL OF HAZARDOUS MATERIALS	Add Item Note	\$4,600.00	\$4,600.00
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505-0550-419-4251	ELEVATOR MAINTENANCE CONTRACT	Add Item Note	\$5,750.00	\$5,750.00
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505-0550-419-4251	ELEVATOR SMOKE GUARD MAINTENANCE	Add Item Note	\$8,600.00	\$8,600.00
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505-0550-419-4251	FIRE EXTINGUISHER MAINTENANCE	Add Item Note	\$4,025.00	\$4,025.00
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505-0550-419-4251	FIRE PROTECTION SYSTEM	Add Item Note	\$12,650.00	\$12,650.00
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505-0550-419-4251	GOVERNMENT CENTER MAINTENANCE AND BUILDING REPAIRS	Add Item Note	\$34,517.00	\$34,517.00
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505-0550-419-4251	SOLAR MAINTENANCE	Add Item Note	\$0.00	\$20,000.00
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505-0550-419-4251	TEST/REPAIR/REPLACE BUILDING BACKFLOW SYSTEMS	Add Item Note	\$15,000.00	\$15,000.00
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Subtotal **\$249,561.00** **\$355,142.00**

505-0550-419-4254	MAINTENANCE MANAGEMENT SEMINAR	Add Item Note	\$500.00	\$2,000.00
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Subtotal **\$500.00** **\$2,000.00**

505-0550-419-4255	HVAC INSPECTION	Add Item Note	\$750.00	\$750.00
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Subtotal **\$750.00** **\$750.00****Services & Supplies Total \$888,583.00 \$1,075,004.00****Building Maintenance Total - Before Reallocation \$1,668,673.00 \$1,769,164.00**Add Exception Request **Reallocation** Add Line Item

	Approved 2015-2016	Requested 2016-2017
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Reallocation Total **\$0.00** **\$0.00****Building Maintenance Total \$1,668,673.00 \$1,769,164.00**

Budget Home

City of Foster City
Building Maintenance Division
Internal Service Charges Allocations to Facilities and Departments
For the Year Ended June 30, 2017

Total Operating Costs		\$ 1,769,164	← This amount agrees to the line item detail in the budget (attached).			
less Contingency		\$ (50,000)				
add Contingency used from 14-15		\$ 50,000				
less Capital Outlay		\$ (57,500)				
Net Operating Costs to Allocate		\$ 1,711,664				
	Facility	SQ FT	% Of total sq. ft.	Net Operating Costs to Allocate	Bldg Replacement cost	Annual Cost
A	City Hall (see breakdown below)	23,589	13.4%	\$229,585	\$55,132	\$284,718
B	Recreation Division	51,293	29.2%	\$499,220	\$80,277	\$579,498
	Recreation Center 26,500 sq ft					
	Senior Wing 5,286 sq ft					
	Teen Center 9,565 sq ft					
	Community Center 9,942 sq ft					
C	Corporation Yard (see breakdown below)	32,390	18.4%	\$315,243	\$18,166	\$333,409
D	Police	13,903	7.9%	\$135,314	\$29,925	\$165,239
E	Fire	25,119	14.3%	\$244,476	\$58,708	\$303,185
F	Library	24,208	13.8%	\$235,610	\$97,111	\$332,721
G	Council Chambers (see breakdown below)	5,365	3.1%	\$52,216	\$12,539	\$64,755
	TOTALS	175,867	100%	\$ 1,711,664	\$351,860	\$2,063,524

Percentage Formula: The square footage of each entity divided by the total square footage (175,867).

SQ FT Cost Formula: Net operating costs to allocate (see above) multiplied by the percentage of each entity.

CITY HALL – breakdown by department

	Entity	SQ FT	Pct	SQ FT cost	Bldm rplc	Annual
1	Finance	3,665	15.5%	\$35,670	\$8,566	\$44,236
	Administration		20.0%	\$7,134	\$1,713	\$8,847
	General Accounting		40.0%	\$14,268	\$3,426	\$17,695
	Utility		30.0%	\$10,701	\$2,570	\$13,271
	Tax Administration		10.0%	\$3,567	\$857	\$4,424
2	CDD	4,626	19.6%	\$45,024	\$10,812	\$55,835
	Planning Administration		50.0%	\$22,512	\$5,406	\$27,918
	Building		50.0%	\$22,512	\$5,406	\$27,918
3	Human Resources	2,469	10.5%	\$24,030	\$5,771	\$29,801
4	City Clerk	2,783	11.8%	\$27,086	\$6,504	\$33,591
5	City Mgr/City Atty	4,036	17.1%	\$39,281	\$9,433	\$48,714
6	City Council	1,973	8.4%	\$19,203	\$4,611	\$23,814
7	PW Engineering	3,160	13.4%	\$30,755	\$7,386	\$38,141
8	Fire Administration	877	3.7%	\$8,536	\$2,050	\$10,585
	TOTAL City Hall	23,589	100.0%	\$229,585	\$55,132	\$ 284,718

CORPORATION YARD – breakdown by department

	Entity	SQ FT	Pct	SQ FT cost	Bldm rplc	Annual
1	Parks Maintenance	11,548	35.7%	\$112,393	\$6,477	\$118,870
2	Public Works -- Water	6,947	21.4%	\$67,613	\$3,896	\$71,509
3	Public Works -- Sewer	6,947	21.4%	\$67,613	\$3,896	\$71,509
4	Public Works - GF	6,948	21.5%	\$67,623	\$3,897	\$71,520
	Lagoons		50.0%	\$33,811	\$1,948	\$35,760
	Streets		50.0%	\$33,811	\$1,948	\$35,760
	TOTAL Corporation Yard	32,390	100.0%	\$315,243	\$18,166	\$333,409

COUNCIL CHAMBERS – breakdown by department

	Entity	SQ FT	Pct	SQ FT cost	Bldm rplc	Annual
1	Communications/Clerk - FCTV	675	12.6%	\$6,570	\$1,578	\$8,147
2	City Council	4,690	87.4%	\$45,646	\$10,962	\$56,608
	TOTAL Council Chambers	5,365	100.0%	\$52,216	\$12,539	\$64,755

**City of Foster City
Building Maintenance Fund
Items to be Replaced
For the Year Ended June 30, 2017**

Category	Facility / Description	Replacement Amount
	None	
	TOTAL	-

City of Foster City				
Building Maintenance Fund Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2016-2017				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
COUNCIL CHAMBERS GENIE	05-50	7/1/2015	17,000	
Items Deleted				
None				
TOTAL			\$ 17,000	

City of Foster City					
Building Maintenance Replacement Fund					
Changes to Estimated Useful Lives					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
AIR COMPRESSOR-FIRE DEPT.	05-50	7/1/1996	20	22	2
Corporation Yard Carpet	05-50	7/1/1986	30	31	1
Community Center/Library HVAC	05-50	7/1/1997	17	20	3
Police Station HVAC	05-50	7/1/2002	15	17	2
Government Center HVAC	05-50	7/1/2002	15	16	1

City of Foster City					
Building Maintenance Replacement Fund					
Changes to Replacement Values					
For FY 2016-2017					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
AIR COMPRESSOR-FIRE DEPT.	05-50	7/1/1996	1,900	6,500	4,600
TOTAL			\$ 1,900	\$ 6,500	\$ 4,600

Building Maintenance Equipment Replacement Fund Comparison

Account		Budget FY 2015-16	Budget FY 2016-17	Increase (Decrease)	Notes
4385	Capital Outlay	158,750	57,500	(101,250)	1
4110	Salaries	348,500	350,800	2,300	2
4112	Overtime	2,160	5,000	2,840	3
4120	Benefits	191,100	172,300	(18,800)	4
4520	Compensated Absences	1,200	5,178	3,978	5
4544	Vehicle Replacement	28,118	46,003	17,885	6
4556	Equipment Replacement	23,511	27,584	4,073	7
4557	IT Services	26,751	29,795	3,044	8
4243	Department Supplies	3,000	5,840	2,840	9
4246	Maintenance	207,955	249,455	41,500	10
4248	Citywide Utilities and JUA Utilities	426,817	461,817	35,000	11
4251	Contractual Services	249,561	355,142	105,581	12
4254	Travel, Conferences, and Meetings	500	2,000	1,500	13
		<u>1,667,923</u>	<u>1,768,414</u>	<u>100,491</u>	

Detailed Analysis:		Increase (Decrease) Rounded to nearest \$1,000
Note 1	Capital Outlay No major projects in FY 16-17; \$7,500 to replace conference room chairs in City Hall.	(101,000)
Note 2	Salaries No overall Department personal changes (moved 50/50 B/V to 100% BM), contractual COLA 2% and adjustment due to salary steps; some savings associated with retirement and salary step.	2,000
Note 3	Overtime Accounts for increase in OT based on historical use for emergency call-backs and extended hours.	3,000
Note 4	Benefits Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc.)	(19,000)
Note 5	Compensated Absences Increase based on historical usage.	4,000
Note 6	Vehicle Replacement Increase based on scheduled vehicle replacement which is being purchased; purchasing two transits for same cost as one box truck which will make staff more mobile and efficient.	18,000
Note 7	Equipment Replacement Change to reflect 2015-16 actual	4,000
Note 8	IT Services Unchanged	3,000
Note 9	Department Supplies Adjusted to reflect 2015-16 actual, related to stocking of basics, ex. lights, batteries, extension cords, etc.	3,000
Note 10	Maintenance Increased to reflect actual costs as a result of no increase to line item budget in 7+ years: work order materials (\$10,000); FD automatic door (\$5,000); janitorial supplies (\$4,000); standby generator maintenance (\$12,500); sustainability projects (\$10,000).	42,000
Note 11	Citywide Utilities and JUA Utilities Based on historical actual to reflect increases in utility rates, ex. water, gas, electric; budget has not been increased in 7+ years.	35,000
Note 12	Contractual Services Increases include costs associated with citywide janitorial services related to mandated healthcare rate increases and minimum wage (\$85,581) and new maintenance required for solar panels at the Library/Community Center (\$20,000).	105,000
Note 13	Travel, Conferences, and Meetings Allows for a rotational training of staff, ex. two staff each year can attend training in the amount of \$1,000 each, which is approximately consistent across the Parks and Recreation Department division training budgets.	1,000
	Net Increase	<u>100,000</u>



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Edmund Suen, Finance Director
Ann Ritzma, Human Resources Director

SUBJECT: Longevity Recognition Benefits Fund and Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund

Summary

Staff seeks reaffirmation of the City Council's Policy to fully fund the Longevity Recognition Benefits Fund and the Public Employees' medical and Hospital Care Act (PEMHCA) Benefits Fund based on biennial actuarial analysis performed by an independent actuary.

The PEMHCA Benefits Fund is adequately funded. Staff is projecting a balance of \$5,841,685 at the end of FY 2016-2017 which is greater than the Actuarial Accrued Liability (AAL) of \$5,689,000 as of June 30, 2016. The Longevity Recognition Benefits Fund is projected to have a fund balance of \$2,497,922 at the end of FY 2016-2017, which is \$235,078 less than the AAL balance of \$2,733,000 as of June 30, 2016. As indicated in the Internal Service Fund Balance Analysis report presented separately this evening, staff is projecting that the Vehicle Fund will be overfunded by \$1,367,362 on June 30, 2016. As a result, staff seeks City Council direction for staff to prepare a resolution for the June 6, 2016 City Council meeting amending the FY 2015-2016 budget to effectuate a transfer of \$235,078 in surplus Vehicle Replacement funds to the Longevity Recognition Benefits Fund.

Background and Analysis

The City has two "other post-employment benefits" (OPEB) obligations outside of its pension plans offered to employees:

1. Longevity Recognition Benefits – this fund provides post-employment benefits to certain employees who retire from the City based upon their length of service with the City. The fund was created based on prior memoranda of understanding (MOU) and compensation and benefits (C&B) plans. This fund is now a "closed pool" in that these benefits were eliminated in subsequent MOUs and C&B plans but the City is still obligated to pay benefits to existing retirees who were eligible to receive these benefits. Benefits are paid to retirees from the four employee groups: American Federation of State, County and Municipal Employees Local 829 (AFSCME); Foster

City Police Officers' Association (FCPOA), International Association of Firefighters Local 2400 (IAFF), and Management Employees. AFSCME and Management employees who retire after October 1, 2007, are no longer eligible for these benefits as they traded them for the enhanced 2.7% at 50 PERS plan. IAFF and FCPOA employees hired prior to January 1, 2012 and who retire from the City remain eligible to receive these benefits, but any new employees hired after that date are ineligible to receive these benefits under the terms of the MOUs with those bargaining groups.

2. PEMHCA Benefits Plan – since CalPERS is the City's medical plan provider, the City is required by state law to fund a minimum amount for current employees as well as retirees for those enrolling in CalPERS medical plans. The current minimum is \$125 per month. The City does not fund anything beyond the minimum required under state law.

The City accrues a liability in its Comprehensive Annual Financial Report (CAFR) in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In 2009, the City Council determined that it wished to fully fund these plans by setting aside unrestricted funds in two respective Internal Service Funds, rather than transferring these funds into an irrevocable trust which would have eliminated the liability from the City's financial statements, but would have limited the City's ability to control the use of the funds in future years. The assets of these internal services funds are pooled together into a separate investment account with East-West Investment Services under a separate investment policy that allows for alternative investments (mutual funds investing in stocks and bonds). The Finance Director, Human Resources Director, and City Attorney recently reviewed permissible investments allowed under the CA government code, including section 53651 and concluded that although the City set aside these unrestricted funds into Internal Service Funds with a separate investment policy, the general investment restrictions that are applicable for the City's regular portfolio (e.g. U.S. Treasuries and Federal Government Agencies not to exceed five year maturity) are also applicable for the City's OPEB funds unless those OPEB funds are transferred into an irrevocable trust.

Every two years, an actuarial analysis is performed by an independent actuary to determine the funded status of the plan and determine the normal costs. This study is performed to 1) comply with GASB reporting requirements in the CAFR, and 2) determine budgetary impacts in terms of fully funding the plans. Bartel & Associates, the City's actuary, is provided investment, payroll and other demographic data in order to perform this study. The results of the most recent study for FY 2015-2016 and 2016-2017 were provided to the City in June 2015. The next actuarial study will commence in January/February 2017 in preparation for the FY 2017-2018 budget.

Longevity Recognition Benefits Fund

Based on the June 2015 Actuarial Study completed by Bartel & Associates, the projected Actuarial Accrued Liability (AAL) or the liability required to be funded as of June 30, 2016, will be \$2,733,000. Staff projects that the June 30, 2016 Fund balance will be \$2,497,922, resulting in a deficiency of \$235,078. Since the Vehicle Replacement Fund is expected to

have a surplus of \$1,367,162, staff recommends that the City Council authorize a budget amendment in FY 2015-2016 for the transfer of \$235,078 from the Vehicle Replacement Fund to the Longevity Recognition Benefits Fund as part of the Analysis of Internal Services Fund report also discussed at tonight's Budget Study Session.

	501	507
	Vehicle Replacement Fund	Longevity Recognition Fund
<u>Fund Balance Analysis</u>		
Estimated Ending Fund Balance at 6/30/2016 ¹	\$ 4,615,672	\$ 2,497,922
Funds required per respective analyses ²	\$ 3,148,510	2,733,000
Projected funds available (required) at 6/30/2016 before minimum reserves	1,467,162	(235,078)
Vehicle Replacement Reserves (minimum \$100,000)	(100,000)	-
Fund Surplus (Deficit) available after Vehicle Replacement Reserves	\$ 1,367,162	\$ (235,078)
Fund Reallocation To (From) Internal Service Funds	(235,078)	235,078
Adjusted Excess (Deficient) Reserves After Transfers	\$ 1,132,084	\$ -
1 - Estimated fund balances per financial review as of 2/29/16. For the Longevity Recognition, the amount represents the estimated Fund Balance as of 6/30/17.		

PEMHCA Benefits Plan Fund

Based on the June 2015 Actuarial Study completed by Bartel & Associates, the projected Actuarial Accrued Liability (AAL) or the liability required to be funded (on a cash basis) as of June 30, 2016, will be \$5,689,000. Staff projects that the June 30, 2017 Fund balance will be \$5,841,685 which is \$152,685 in excess of the funding requirements.

Investment Status

The assets for the Longevity Recognition and PEMHCA Benefits funds are combined into a pooled asset portfolio with East West Investment Services. As of January 31, 2016, the combined cash and investments in the investment portfolio with East West Investment Services was \$8,509,677. Although these assets are held under this separate investment account, the general investment restrictions that are applicable for the City's regular portfolio (e.g. U.S. Treasuries and Federal Government Agencies not to exceed five year maturity) are also applicable for the City's OPEB funds. As a result, investment returns will be greatly limited unless these OPEB funds are transferred into an irrevocable trust. In early FY 2016-2017, staff intends to bring back to the City Council for consideration the option of transferring these OPEB funds into an irrevocable trust.

Attachment
Budget Comparison

Public Employees' Medical and Hospital Care Act (PEMHCA) Benefits Plan Fund and Longevity Recognition Benefits Fund
(Longevity) Budget Comparison

	Projected FY 2015/16	Proposed FY 2016/17	Increase (Decrease)	Notes
PEMHCA				
Fund Balance, Beginning of Year	6,076,685	5,939,685	(137,000)	
Investment Income	-	58,000	58,000	1
Benefit Payments	(137,000)	(156,000)	(19,000)	2
Projected Fund Balance, End of Year	5,939,685	5,841,685	(98,000)	
Actuarial Accrued Liability (AAL) at the end of the fiscal year	5,689,000	5,689,000	-	
Surplus (Deficiency)	250,685	152,685	(98,000)	
Longevity Recognition Benefits Fund				
Fund Balance, Beginning of Year	2,746,922	2,615,922	(131,000)	
Investment Income	-	25,000	25,000	3
Benefit Payments	(131,000)	(143,000)	(12,000)	4
Projected Fund Balance, End of Year	2,615,922	2,497,922	(118,000)	
Actuarial Accrued Liability (AAL) at the end of the fiscal year	2,733,000	2,733,000	-	
Surplus (Deficiency)	(117,078)	(235,078)	(118,000)	

Detailed Analysis:		Increase (Decrease) Rounded to nearest \$1,000
Note 1 (PEMHCA)		
Investment income assumes a 1% ROI in FY 16/17. No investment income is projected for FY 15/16 as the current fixed income portfolio is only expected to break even for the year.		58,000
Note 2 (PEMHCA)		
Increase in projected benefit payments as provided by Bartel Associates June 30, 2015 Actuarial Valuation Report		19,000
Note 3 (Longevity)		
Investment income assumes a 1% ROI in FY 16/17. No investment income is projected for FY 15/16 as the current fixed income portfolio is only expected to break even for the year.		25,000
Note 4 (Longevity)		
Increase in projected benefit payments as provided by Bartel Associates June 30, 2015 Actuarial Valuation Report		12,000

Proposed Budget for FY 16-17	PEMHCA	LONGEVITY
Projected Fund Balance, 6/30/16	5,939,685	2,615,922
Estimated Investment Earnings	58,000	25,000
Less: FY 16-17 benefit payments	(156,000)	(143,000)
Projected Balance 6/30/17	5,841,685	2,497,922
Actuarial Accrued Liability (AAL) at 6/30/16	5,689,000	2,733,000
Surplus (Deficiency)	152,685	(235,078)



DATE: March 28, 2016

TO: Mayor and Members of the City Council
President and Members of the EMID Board of Directors

VIA: Kevin M. Miller, City Manager

FROM: Edmund Suen, Finance Director
Mimi Lam, Accounting Manager

SUBJECT: Internal Service Fund for Compensated Absences

Summary

Staff seeks reaffirmation of the City Council's Policy to fully fund the Compensated Absences Fund for accrued liability of employee leave balances. Based on a current analysis of employees' leave balances as of February 15, 2016, the Fund is projected to be \$225,597 deficient by June 30, 2016. As indicated in the Internal Service Fund Balance Analysis report presented separately this evening, staff is projecting that the Vehicle Fund will be overfunded by \$1,367,362 on June 30, 2016. Staff seeks City Council direction for staff to prepare a resolution for the June 6, 2016 City Council meeting amending the FY 2015-2016 budget to effectuate a transfer of \$225,597 in surplus Vehicle Replacement funds to the Compensated Absences Fund.

Background and Analysis

The City provides vacation and sick leave benefits to current employees based upon the three (3) memoranda of understanding (MOU) with the American Federation of State, County and Municipal Employees (AFSCME), International Association of Fire Fighters (IAFF) and Foster City Police Officer Association (FCPOA), and the Compensation and Benefits Plan (C&B Plan) for Management Employees. These benefits are collectively referred to as "compensated absences." When an employee separates from employment with the City, either through termination, resignation, or retirement, the City is required to pay the final compensated absences balances to the employee based on the provisions within the MOU or C&B Plan applicable to the employee. For some employees, this payout may be less than \$2,000, but for long-term or highly compensated employees, these payouts can be over \$45,000.

In the City's annual Comprehensive Annual Financial Report (CAFR), a liability for compensated absences is reported in its government-wide and enterprise financial statements. The compensated absences liability recorded in the City's CAFR for June 30,

2015 was \$2,213,090 for the General Fund, \$178,632 for the Internal Services Funds and \$299,321 for the Enterprise Funds¹, for a total of \$2,691,043. In FY 2014-2015, the total liability decreased by \$128,564 for the General Fund and Internal Service Funds, and decreased \$1,827 for the Enterprise Funds, for a total decrease of \$130,391.

The City Council created the “Compensated Absences Internal Service Fund” as of July 1, 2012 through a transfer of available reserves totaling \$2.65 million from the General Fund to the new Compensated Absences Internal Services Fund. In addition, \$167,000 was reserved in the Water Operations Fund, and \$132,000 in the Wastewater Operations Fund, for their respective compensated absence liabilities.

Annually, the final budget now reflects an internal service charge applied to each operating budget in the General Fund, Water and Wastewater Enterprise Funds, and the Vehicle, IT and Building Maintenance Internal Service Funds based on a percentage of budgeted salaries, adequate to fund the balances identified by a current analysis of employees’ leave balances as of February 15, 2016. In Fiscal Year 2016-17, the recommended assessment to departments is 1.50%, or approximately \$250,217 in total. The General Fund portion of this amount is approximately \$205,850.

Based on the fund balance as of July 1, 2016, and the projected payout for the 2015-2016 fiscal year, monies available in the Fund are approximately \$225,597 less than the estimated accrued liability as of June 30, 2016¹. Staff recommends reallocating the surplus balance available in the Vehicle Replacement Fund to the Compensated Absences Internal Service Fund as follows:

	501 Vehicle Replacement Fund	509 Compensated Absences Fund
Estimated Ending Fund Balance at 6/30/2016	4,615,672	2,126,261
Funds required per respective analyses	(3,148,510)	(2,351,858)
Projected funds available (required) at 6/30/2015 before minimum reserves	1,467,162	(225,597)
Equipment Replacement Reserves (minimum \$100,000 per fund)	(100,000)	-
Fund Surplus available (required) after Equipment Replacement Reserves	1,367,162	(225,597)
Fund Reallocation from Vehicle Replacement Fund to Compensated Absences Fund	(225,597)	225,597
Adjusted Excess Reserves After Transfers	1,141,565	(0)

Throughout the fiscal year, as employees separate from service with the City, compensated absences payouts are made out of the internal service fund. A placeholder amount of \$300,000 will be shown as the appropriation and any funds unspent will return to the fund balance at the end of the fiscal year.

¹ Enterprise funds include Water and Wastewater operations.

¹Excludes Enterprise Funds

ATTACHMENTS

- A. Compensated Absences – 10-Year History FY 2005-2006 to FY 2014-2015
- B. Compensated Absences Comparison with Prior Year

Compensated Absences - 10 Year History

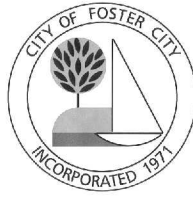
	General 001	Water 401	Wastewater 451	Vehicles 501	IT 504	Building 505	Total All Funds
FY 2005-2006	\$ 2,231,410	\$ 122,288	\$ 130,849	\$ 49,119	\$ 83,443	\$ 42,988	\$ 2,660,097
FY 2006-2007	\$ 2,249,062	\$ 119,944	\$ 126,025	\$ 44,871	\$ 85,694	\$ 42,137	\$ 2,667,733
FY 2007-2008	\$ 2,437,947	\$ 149,193	\$ 161,833	\$ 21,796	\$ 94,545	\$ 26,304	\$ 2,891,618
FY 2008-2009	\$ 2,504,634	\$ 160,039	\$ 152,935	\$ 31,630	\$ 98,460	\$ 63,215	\$ 3,010,913
FY 2009-2010	\$ 2,438,635	\$ 161,763	\$ 153,003	\$ 23,194	\$ 97,300	\$ 67,697	\$ 2,941,592
FY 2010-2011	\$ 2,521,220	\$ 184,644	\$ 162,264	\$ 29,177	\$ 106,323	\$ 63,330	\$ 3,066,958
FY 2011-2012	\$ 2,508,874	\$ 200,080	\$ 181,201	\$ 32,629	\$ 101,909	\$ 69,588	\$ 3,094,281
FY 2012-2013	\$ 2,355,058	\$ 152,756	\$ 162,108	\$ 35,570	\$ 117,051	\$ 69,421	\$ 2,891,964
FY 2013-2014	\$ 2,354,589	\$ 149,284	\$ 151,864	\$ 45,316	\$ 43,036	\$ 77,345	\$ 2,821,434
FY 2014-2015	\$ 2,213,090	\$ 167,582	\$ 131,739	\$ 47,516	\$ 54,064	\$ 77,052	\$ 2,691,043

Compensated Absences Comparison

	Actual FY 2014/15	Projected FY 2015/16	Increase (Decrease)	Notes
General Fund				
Fund Balance, Beginning of Year	2,277,883	2,213,090	(64,793)	
Assessments charged	72,685	78,900	6,215	1
Transfer In From Vehicle Replacement Fund	235,611	-	(235,611)	2
Benefit Payments	(373,089)	(165,729)	207,360	3
Projected Fund Balance, End of Year	2,213,090	2,126,261	(86,829)	
Projected Liability, End of Year	2,213,090	2,351,858	138,768	4
Surplus (Deficiency)	-	(225,597)	(225,597)	

Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Assessments charged)	
Higher assessments charged to departments due to increase in payroll	6,000
Note 2 (Transfer In from Vehicle Replacement Fund)	
Amount transferred from surplus reserves in the Vehicle Replacement Fund to address deficient reserve balance in the Compensated Absences Fund. No Transfer In is included in FY 15/16 pending approval by the City Council	(236,000)
Note 3 (Benefit Payments)	
This amount varies greatly depending on payouts that occur each year. In FY 2014/15, there were 23 payouts. In FY 2015/16, there has been 7 payouts through 2/15/16.	(207,000)
Note 4 (Projected Liability, End of Year)	
Increase in projected benefit liability at 6/30/16 based on an analysis of employee leave balances as to February 15, 2016	139,000



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Dante G. Hall, Assistant City Manager
'Andra Lorenz, Management Analyst

SUBJECT: Non-Profit Funding Process

RECOMMENDATION

Staff recommends that the City Council approve by Minute Order the process for determining funding levels for non-profits for the Fiscal Year 2016-2017 Annual Budget.

EXECUTIVE SUMMARY

For many years, the City Council has chosen to contribute to non-profit agencies in order to provide services to the community that the City cannot effectively provide.

Attachment A outlines a procedure for considering non-profit funding that is fundamentally similar to the process used in previous years with some clarifications based on City Council direction. The most significant change from prior years is an expanded application form.

Since the City Council has indicated that it wishes to consider non-profit funding, Staff requests direction from the City Council regarding the following items:

1. Approval of the proposed non-profit funding application timeline
2. Approval of the proposed non-profit funding outreach plan
3. Whether and how much of a budget placeholder or limit to include in the preliminary budget

BACKGROUND

For many years, the City Council has chosen to contribute to non-profit agencies in order to provide services to the community that the City cannot effectively provide. Depending upon the state of the economy and City Council policy, the funding amounts

have varied and, in some years, have been considerable. Attachments B, C and D show the funding approved for the past three fiscal years.

City Councilmembers expressed an interest in taking a closer look at and documenting the Non-Profit funding process as part of the Fiscal Year 2016-17 budget. At its February 8, 2016 Budget Study Session, staff provided an initial framework for City Council consideration. The City Council provided additional direction in the form of Minute Order 1451 (Attachment E). This direction was incorporated into the process provided in this report.

ANALYSIS

Non-profit agencies provide services to the community that the City has neither the expertise nor the funding to provide. By contributing to non-profit organizations, these agencies provide services on a local or regional basis that the City could not provide for the same financial investment.

It is not unusual for Cities to provide some level of funding to non-profit agencies that provide services to their residents. Typically cities undertake some form of grant application process based upon their available budget to determine appropriate funding levels and distribution of funding. Table A shows a sampling of non-profit funding provided by some San Mateo County cities from their General Funds in FY 2015-16. Please note that some cities contribute funding from special funds but not from their General Funds.

Table 1: Sample of General Fund Non-Profit Funding FY 2015-16

Agency	Non-Profit Contributions (GF)	Total GF	Percent
Belmont	\$0	\$19,000,000	NA
Brisbane	\$23,400	\$15,000,000	0.2%
Burlingame	\$44,425	\$60,000,000	0.1%
Colma	\$96,800	\$15,800,000	0.6%
East Palo Alto	\$0	\$19,560,000	NA
Foster City	\$38,500	\$38,317,320	0.1%
Half Moon Bay	\$27,000	\$15,567,556	0.2%
Redwood City	\$60,068	\$101,900,000	0.1%
San Bruno	\$0	\$40,069,190	NA
San Carlos	\$26,000	\$35,000,000	0.1%

Based on Council request, Staff has documented a non-profit funding application process that is included in this report as Attachment A. This procedure is fundamentally similar to the process used in previous years with some clarifications based on City Council direction. The following items are the most significant changes from prior years:

1. Application

For the past several years, applicants have been required to submit a one-page application document that provides contact information and the answers to just three questions about the use of past funding and the intended use of future funding.

The updated application included in Attachment A expands the questions to provide more information to the City Council about each agency, its capacity to provide service and funding need. This expanded application will give the City Council more information with which to consider funding requests.

2. Evaluation

As in past years, funding requests will be provided directly to the City Council with a summary transmittal. Staff will verify non-profit status prior to forwarding requests to the City Council for its prioritization. The City Council will continue to award funding based upon its understanding of the community, the applicant organization and the City's needs.

Preliminary Budget Placeholder

Typically the City Council establishes a non-profit placeholder that is put into the Preliminary Budget for the purpose of evaluating the Preliminary Budget prior to the evaluation of non-profit funding requests by the City Council. Staff would recommend that the City Council establish a Preliminary Budget placeholder -- the City Council can treat this number as a "cap" on maximum award of funding or a majority of the City Council can override this limit when non-profit funding is awarded. Staff would recommend including a placeholder of \$40,000 in the preliminary budget since the funding awarded in FY 2015-16 was \$38,500.

Outreach Plan

In the past, the City has sent letters to non-profits that received funding in the prior year to notify them of the process to request funding in the current year. Due to the limited amount of funding that is likely to be available, Staff would recommend continuing to limit outreach to these agencies as well as any agencies identified by City Council members and non-profit that requests the information. However, if the City Council wishes to issue a general press release, a draft press release is included as Attachment F.

Timeline

Staff recommends the following application timeline, which differs from the schedule in previous years by separating the presentation of funding requests from the awarding of funding per Council direction in Minute Order 1451:

1. February 8, 2016: City Council provides direction to staff regarding non-profit funding process for FY 2016-2017.
2. March 28, 2016: City Council approves FY 2016-17 non-profit funding process.
3. April 1, 2016: Based on Council direction, staff notifies non-profit organizations of the non-profit funding application period.
4. May 1, 2016: All requests for funding are due from non-profit agencies no later than 5 PM.
5. May 16, 2016: Non-profit representatives appear at a special meeting of the City Council to answer questions about funding requests. (This would entail amending the current budget schedule to move the 5 PM Special Meeting from June 6 to May 16.)
6. June 6, 2016: City Council determines funding levels by agency which staff incorporates into the final budget document.
7. June 20, 2016: Final FY 2016-2017 Budget adopted by the City Council.
8. July 1, 2016: Staff notifies non-profit agencies of award of funding.

Policy Questions

Staff requests City Council policy direction on the following:

1. What application process does the City Council wish use to consider non-profit funding as part of its FY 2016-17 budget?
 - a. Updated process outlined in this report and in Attachment A
 - b. Same process as last year – one page application with three questions
 - c. Another process identified by the City Council
2. What outreach plan does the City Council wish to use?
 - a. Same process as previous years – letter to non-profits that received funding in FY 2015-16
 - b. Expanded process that includes the standard letter to previous recipients plus a general press release and any other outreach strategies identified by the City Council
 - c. Other
3. Does the City Council wish to include a budget placeholder in the amount of \$40,000 in the Preliminary Budget for non-profit agencies? This placeholder would stand in for budget purposes until a discussion about funding of specific organizations takes place at the June 6, 2016, budget study session.

FISCAL IMPACT

There is no fiscal impact to soliciting / receiving non-profit funding applications or using any specific evaluation method. The fiscal impact of funding non-profit agencies will be discussed as part of the budget development process.

ATTACHMENTS

Attachment A: Foster City Community Grant Program Guidelines

Attachment B: List of agencies funded in FY 2015-2016

Attachment C: List of agencies funded in FY 2014-2015

Attachment D: List of agencies funded in FY 2013-2014

Attachment E: Minute Order 1451

Attachment F: Draft General Notification Press Release



FOSTER CITY COMMUNITY BENEFIT GRANT PROGRAM GUIDELINES

MISSION

The Foster City Community Benefit Grant Program designates funding through the annual budget process for grants to local non-profit agency programs and projects that improve the health, educational enrichment, human welfare, and/or economic opportunities of Foster City residents.

TOTAL FUNDING AVAILABLE

Funding levels are determined annually by the City Council during budget preparation. Funding may be approved from any combination of the General Fund, Special Funds or any other funds controlled by the City.

APPLICATION PROCESS

1. At the City Council Budget Study Session in January/February, the City Council re-confirms the process to solicit and award non-profit grant funding and provides direction on the funding placeholder to be used in the Preliminary Budget document.
2. Staff contacts non-profits that received funding in the prior year, any additional non-profits identified by the Council and any non-profit that requests the information, outlining the timelines and requirements. The template funding application is attached as Exhibit A.
3. Nonprofits submit applications by the identified due date.
4. Staff prepares a report for a City Council budget study session that summarizes the funding requests and includes copies of all requests submitted by the non-profit agencies.
5. The Council holds a study session in May/June where it has the opportunity to ask questions and receive additional information from the applicants. At a separate meeting in May/June, Council decides how much funding to allocate to each agency and directs staff to include that amount in the final budget for Council adoption.
6. Council direction is incorporated into the Final Budget which is adopted in June.
7. After July 1, staff sends a notice to all applicants, notifying them of their status and describing the process for receiving funding for those which are approved.

FUNDING PROCESS

Once funding is approved through adoption of the budget, staff notifies agencies of approved funding and authorizes release of funds.

Exhibit A



CITY OF FOSTER CITY **Non-Profit Funding Application** (Please use additional sheets if necessary)

APPLICANT INFORMATION

Organization Name:

Organization Address:

Contact Name:

Contact Email:

Contact Phone:

Amount Requested:

1. PROGRAM DESCRIPTION

1a. Describe the goals of the program for which you are requesting funding.

1b. Describe the accomplishments over the recent year(s) of the program for which you are requesting funding.

1c. Describe the benefits to the City of Foster City and/or its residents of the program goals and accomplishments described in the previous two questions.

1d. How many Foster City residents did this program serve last year and/or how many are expected to be served in the coming year?



CITY OF FOSTER CITY
Non-Profit Funding Application
(Please use additional sheets if necessary)

2. ADMINISTRATIVE CAPACITY

2a. Describe the organization's experience providing the proposed project or program

2b. Describe the way that the program is staffed (full-time, part-time, volunteer) and organized

2c. Describe any collaboration that exists between this program and programs administered by other agencies, including financial, staffing or cross-referral.

3. IDENTIFICATION/ANALYSIS OF LOCAL NEEDS

3a. Describe the problem being addressed including any formal study that has been done of the local and regional need for the service, program or project.

3b. Describe how this program aligns with City of Foster City policies and priorities? For FY 2016-2017, The City Council has established priorities related to transportation/transit, economic development, land use, infrastructure and quality education.



CITY OF FOSTER CITY
Non-Profit Funding Application
(Please use additional sheets if necessary)

4. PLEASE ATTACH THE FOLLOWING:

4a. Proof of non-profit status (501(c)(3) or equivalent)

RETURN ONE COPY OF COMPLETED FORMS TO:

City of Foster City
ATTN: Management Analyst 'Andra Lorenz
610 Foster City Boulevard
Foster City, CA 94404

Or email to alorenz@fostercity.org

SIGNATURE

Signature of applicant:

Date:

Printed Name:

Title:

MINUTE ORDER

No. 1423

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA

Date: June 3, 2015

Attention: City Council/EMID Board
City/District Manager
Finance Director
Management Analyst

City Council/EMID Board Meeting Date: June 1, 2015

Subject: Non-Profit Agencies Funding for FY 2015-2016

By City Council/EMID Board consensus, IT WAS ORDERED directing staff to incorporate the following funding for non-profit agencies into the final budget for FY 2015-2016 to be considered for adoption by the Council/Board on June 15, 2015:

Non-Profit Agencies

CALL Primrose	\$ 1,000
Foster City Village	1,000
Hillbarn Theatre	10,000
InnVision Shelter Network	3,000
Mission Hospice and Home Care	1,000
Ombudsman Services of San Mateo County	2,500
PARCA	2,000
Peninsula Conflict Resolution Center	1,000
Peninsula Television	2,500
Samaritan House	10,000
San Mateo County Jobs for Youth	500
StarVista	1,500
Sustainable San Mateo County	2,500
Total	\$38,500



CITY CLERK/DISTRICT SECRETARY

MINUTE ORDER

No. 1374

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA

Date: June 4, 2014

Attention: City Council/EMID Board
City/District Manager
Assistant City Manager
Finance Director
Management Analyst

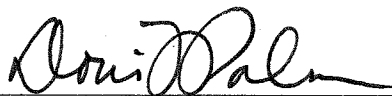
City Council/EMID Board Meeting Date: June 2, 2014

Subject: Non-Profit Agencies Funding for FY 2014-2015

By City Council/EMID Board consensus, IT WAS ORDERED directing staff to incorporate the following funding for non-profit agencies into the final budget for FY 2014-2015 to be considered for adoption by the Council/Board on June 16, 2014:

Non-Profit Agencies

CALL Primrose	\$ 1,000
InnVision Shelter Network	2,000
Jobs for Youth San Mateo County	500
Ombudsman Services of San Mateo County	500
PARCA	1,500
Peninsula Conflict Resolution Center	1,000
Samaritan House	9,500
StarVista	750
Sustainable San Mateo County	500
Total	\$17,250



CITY CLERK/DISTRICT SECRETARY

MINUTE ORDER**No. 1321**

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA

Date: June 6, 2013

Attention: City Council/EMID Board
City/District Manager
Assistant City Manager
Finance Director
Management Analyst

City Council/EMID Board Meeting Date: June 3, 2013

Subject: Non-Profit Agencies Funding for FY 2013-2014

By Council/Board consensus, IT WAS ORDERED to direct staff to incorporate the following funding for non-profit agencies into the final budget for FY 2013-2014 to be considered for adoption by the Council/Board on June 17, 2013:

Non-Profit Agencies

CALL Primrose Center	\$ 1,000
HIP Housing	2,500
InnVision Shelter Network	2,000
PARCA	1,500
Peninsula Conflict Resolution Center	500
Peninsula Television	0
Samaritan House	9,000
StarVista	500
Total	\$17,000



CITY CLERK/DISTRICT SECRETARY

MINUTE ORDER

No. 1451

OFFICE OF THE CITY CLERK
FOSTER CITY, CALIFORNIA


Date: February 9, 2016

Attention: City Council/EMID Board
Kevin M. Miller, City/District Manager
Dante Hall, Assistant City Manager

City Council/EMID Board of Directors Meeting Date: February 8, 2016

Subject: Policy Direction Regarding Non-Profit Funding

By consensus of the City Council/EMID Board, IT WAS ORDERED to direct staff to report back to the City Council March 28 with modifications suggested by the Council that include using the proposed application form attachment A and making the form available online, providing information on how grants are administered in other cities, providing information regarding grants awarded to non-profits from the City in the last three years, and identifying outreach efforts to non-profits about the grant process. Staff will also identify which applicants are 501(c)(3)s and eliminate the concepts of scoring, eligible activities, and evaluation criteria. Staff will propose an updated funding application process, including dates on which the nonprofits will present their funding requests and a separate meeting at which the City Council will take action on those funding requests.



CITY CLERK/DISTRICT SECRETARY



NEWS

Contact: 'Andra Lorenz, Management Analyst
alorenz@fostercity.org; 650-286-3215

FOR IMMEDIATE RELEASE

Non-Profit Agencies Invited to Submit Funding Requests for Fiscal Year 2016-17

Foster City, CA; April 1, 2016 – The City Council of Foster City is now inviting applications for funding in FY 2016-17 from non-profit agencies.

The City Council will consider requests from Non-Profit agencies for funding as part of its FY 2016-17 budget process. FY 2016-17 begins July 1, 2016 and ends June 30, 2017.

Local non-profit agencies that provide services to Foster City residents are encouraged to apply. To apply for funding, complete the application form at www.fostercity.org by May 1, 2016.

Applying agencies will be required to send a representative to discuss the application at a City Council meeting on May 16, 2016.

For more information, contact Management Analyst 'Andra Lorenz at alorenz@fostercity.org or 650-286-3215.

#



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Dante Hall, Assistant City Manager
Curtis Banks, Community Development Director
Leslie Carmichael, Contract Planner
'Andra Lorenz, Management Analyst

SUBJECT: FY 2016 – 17 CLIMATE ACTION PLAN (CAP) IMPLEMENTATION
WORKPLAN

RECOMMENDATION

Staff recommends that the City Council by Minute Order review, provide policy direction and approve the FY 2016-2017 Climate Action Plan (CAP) Implementation Workplan.

EXECUTIVE SUMMARY

Staff requests policy direction from the City Council about the level of effort that is desired and related funding that should be included for implementation of the Climate Action Plan in the FY 2016-17 Preliminary Budget for City Council consideration. Attachment A contains a draft FY 2016-17 Climate Action Plan (CAP) Implementation Workplan for the City Council's review and comment.

BACKGROUND

Foster City has been proactive in efforts to enhance Environmental Sustainability since 2008 when the Ad Hoc Environmental Sustainability Task Force (ESTF) first convened and began work on the City's first Sustainability Action Plan. At its meeting on February 1, 2016, the City Council adopted its first Climate Action Plan. Next step in the process is to provide direction on the prioritization and/or implementation of the 40 measures that are included in the plan. If the City Council wishes to move forward with implementation activities in FY 2016-17, the cost of those activities can be included in the FY 2016-17 Preliminary Budget which will be brought to the City Council in May.

The CAP provides an extensive list of programs and activities that can be considered for both immediate and long term implementation. Viewed holistically, the plan is designed to achieve meaningful and lasting results for environmental sustainability. Included in the CAP are more detailed descriptions of the recommended measures and specific data on cost and impact of each measure. Also included in the CAP is a general analysis of the potential implementation timeline for items.

ANALYSIS

Attachment A to this report includes all of the items in the CAP that were considered at the time of adoption in a category of “near term implementation.” “Near term” items were considered to be able to be implemented in a relatively short time and with existing staffing levels, which could provide a “quick win” in terms of reducing Greenhouse Gas emissions with a small investment of time, effort and cost. Collectively they make up an array of actions that will require a staffing investment primarily from City Manager, Community Development and Public Works with additional assistance from Communications/City Clerk, Parks and Recreation and Finance Department staff but should be able to be completed or significantly advanced during FY 2016-17.

Attachment A is formatted as a workplan for the City Council’s consideration in the context of the preparation of the Fiscal Year 2016-17 budget. While much of the workplan can be completed within existing staffing levels and Department resources, exceptions are called out where consultant services and/or funding are required. Table 1 summarizes the resources required by category of work item.

Table 1: Summary of Near-Term CAP Items

Implementation Category	Potential GHG Reduction (MT CO₂e)	FY 2016-17 Cost
Community Outreach Efforts	4,516+	\$0
Ordinance Adoption	962	\$0
New Programs	2,093	\$20,000+
Coordination with Developers	Depends on implementation	\$0
Special Studies	2,942	\$325,000 for Comprehensive Citywide Traffic Study
New Internal Policies	126	\$0 but may influence costs in future years
Total	10,639	\$355,000+

The “Costs” column in Table 1 includes direct costs associated with implementation of the programs, for instance the cost of supplies or consultants to implement the measure. It is believed that the tasks identified in the plan can be accomplished with existing staff, however, additional staff may be recommended based upon the level of effort desired. For instance, the City currently includes water conservation messaging as part of its on-going community outreach plan; however, an intensified level of effort would require part- or full-time staffing.

In addition to beginning implementation of the “near term” items as directed by Council, staff would begin to spend some time in FY 2016-17 reviewing mid- and long-term items

so that workplans can be brought to the City Council in the future as appropriate for those items.

Policy Direction

Staff seeks policy concurrence from the City Council on the proposed FY 2016-17 workplan that is included as Attachment A to this report. In providing this approval, Council may want to consider the following questions:

1. Does the City Council wish to approve the FY 2016-17 CAP Implementation Workplan as presented?
2. Are there any measures that the City Council would like to add or remove from the FY 2016-17 CAP Implementation Workplan?
3. The identified items are what the City has the resources to implement in FY 2016-17. Does the City Council wish to identify additional resources in order to add measures to the FY 2016-17 CAP Implementation Workplan?

Based on City Council direction, staff will include the resources required to implement the workplan in the FY 2016-17 Preliminary Budget which the City Council will review at its Study Session on May 9, 2016.

FISCAL IMPACT

Fiscal impact will depend upon the final approved workplan tasks. If Council directs staff to begin implementation of all “near term” tasks, the Fiscal impact will be the addition of \$355,000 in the Preliminary Budget that the City Council will consider on May 9, 2016. Of that amount, \$325,000 will be included in the Capital Improvement Project budget for the Citywide Traffic Study that includes the Complete Streets and Pedestrian and Bicycle Friendly Design element and the remainder will come from the General Fund.

ATTACHMENTS

- Draft CAP Implementation Workplan

Proposed FY 2016-2017 CAP Implementation Workplan

Category 1: Community Outreach Efforts

Staff has the expertise to complete these measures, however, Staffing capacity depends upon level of activity desired

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
EC3	Encourage and Facilitate Residential Energy Efficiency Upgrades	Provide public outreach of existing programs such as Energy Upgrade California and monitor financing alternatives, such as additional PACE providers	236	City Manager	\$0
EC5	Encourage and Facilitate Business Energy Efficiency Upgrades	Provide public outreach of existing programs such as Energy Upgrade California and RICAPS programs and monitor financing alternatives, such as additional PACE providers	1,018	City Manager	\$0
EC10	Peninsula Clean Energy Community Choice Energy Program	Actively participate in JPA and participate in community outreach activities	Depends on implementation	City Manager/ City Council	\$0
WC1	Achieve a Higher Waste Diversion Rate of 75%	No additional actions required unless Council wishes to expand program	2,267	Public Works	\$0
EW1	Lower Residential and Commercial Water Usage in Foster City	No additional actions required unless Council wishes to expand program	995	Public Works	\$0
EW5	Increase Promotion for Water-Saving Programs	No additional actions required unless Council wishes to expand program	Included under EW 1	Public Works	\$0
EW6	Create More Informative Water Bills	Completed roll-out of automated meter infrastructure billing system/online information portal	Included under EW 1	Finance / Public Works	\$0
EW7	Work with BAWSCA and EMID to Improve Water Conservation Information	No additional actions required unless Council wishes to expand program	Included under EW 1	Public Works	\$0
ED3	Create a Dedicated Website Focused on the Climate Action Plan Measures	Create more interactive site	Not easily quantifiable	Community Development / City Manager	\$0 in addition to cost of website upgrade planned for FY 2016-17

Proposed FY 2016-2017 CAP Implementation Workplan

Category 2: Ordinance Adoption

Staff has the expertise and capacity to implement these measures

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
EC1	Implement a Residential Green Building Ordinance	The updated Building Code is scheduled to come to the City Council in 2016. At that time, staff will provide higher threshold alternatives for Council consideration.	962	Community Development	\$0

Proposed FY 2016-2017 CAP Implementation Workplan

Category 3: New Programs

Will require financial resources for consultant services or additional staffing based on Council direction on implementation

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
EC2	<i>Encourage Personal Energy Audits and Energy Efficient Home Upgrades</i>	Contract with Acterra Green@Home program.	1,132	City Manager	\$20,000
EC6	Provide Financing for Commercial Energy Efficiency and Renewable Energy	Monitor financing alternatives, such as additional PACE providers AND/OR utilize City funding for grants or low-cost loans	961	City Manager	\$0 unless Council chooses grant program

Proposed FY 2016-2017 CAP Implementation Workplan

Category 4: Regulation and Coordination with Developers
Staff has the expertise and capacity to implement these measures

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
TL4	<i>Encourage a Preferred Parking/Electric Plug-in Policy for Alternative Fuel Vehicles</i>	Work with developments to encourage installation of electric vehicle charging stations; look for funding opportunities for public and private stations	N/A, depends on implementation	City Manager / Community Development	\$0
EC9	Work with Developers and Employers to Develop Robust Sustainability Plans to Minimize GHG Emissions	Make sustainability plans an integral component of all future development	included in EC5, EC6 & TL1	Community Development	\$0

4.5.2 - 7

Proposed FY 2016-2017 CAP Implementation Workplan

Category 5: Special Studies

These measures will require the engagement of specialized consultants to prepare documents.

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
EM4	Consider a Municipal Renewable Energy System Installation Program	Conduct formal feasibility study on solar installation at Corporation Yard Actively work with Parks and Recreation on plans for Recreation Center replacement	11	City Manager / Parks and Recreation	\$3,500 for feasibility study
TL2	Implement Complete Streets and Pedestrian & Bicycle Friendly Design	Engage consultant to prepare study and report	2,931	Public Works	\$325,000 for Comprehensive Citywide Traffic Study. This costs has already been included in the Capital Improvement Program (CIP) Budget.

4.5.2 - 8

Proposed FY 2016-2017 CAP Implementation Workplan

Category 6: New Internal Policies

Staff has the expertise and capacity to implement these measures

No.	Measure (<i>italics=new program</i>)	Implementation Task	Annual GHG Reduction (MT CO2e)	Department	FY 2016-17 Budget Impact
EM2	<i>Implement an Environmentally Preferred Purchasing Policy</i>	Write administrative policy and educate department purchasers on impacts	52	City Manager	\$0, but may have impact to supply costs in future years
TM1	Implement a Fuel-Efficient Fleet Policy	Write administrative policy and educate departments on impacts	44	City Manager	\$0, but may have impact to vehicle costs in future years
TM2	<i>Implement a Low-emissions Fleet Policy</i>	Write administrative policy and educate departments on impacts	18	City Manager	\$0, but may have impact to vehicle costs in future years
TM4	Establish a Public Employee Commuting Program	No additional actions required unless Council wishes to expand program	12	City Manager	\$0
5.3-1	<i>Implementation-Monitoring</i>	Create system for monitoring Climate Action Plan activities		Community Development	\$0
5.3-3	<i>Implementation-Collaborative Partnerships</i>	Continue current collaborations and look for additional partners		Community Development	\$0
5.3-4	<i>Implementation-Funding Sources</i>	Continue to seek out funding opportunities		Community Development	\$0
5.3-5	<i>Implementation-Development Review</i>	Develop procedures to incorporate review for consistency with Climate Action Plan into the development review process		Community Development	\$0



DATE: March 28, 2016

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Jennifer L Liu, Director of Parks and Recreation

SUBJECT: Authorizing the Release of a Request for Proposal for a Feasibility Study for the Construction of an Improved Recreation Center Complex in Leo Ryan Park

RECOMMENDATION

Staff recommends that the City Council authorize staff to release a Request for Proposal for a Feasibility Study for the construction of an improved Recreation Center Complex in Leo Ryan Park.

EXECUTIVE SUMMARY

The current William E. Walker Recreation Center (hereinafter referred to as "Recreation Center") is nearly 43 years old and is in need of a new roof. Although the City has invested in ensuring that the Recreation Center facility is attractive, up-to-date, relevant, secure, and meets the current needs of the community, it is becoming more difficult to maintain. The replacement of the Recreation Center roof is imminent and will be costly and difficult.

The Recreation Center is identified as an emergency shelter and as such it would be prudent to evaluate the structural integrity of the facility based on its age and ongoing required maintenance.

City staff is prepared to secure the necessary contracts to evaluate the Recreation Center roof condition and structural integrity of the Recreation Center to serve as an emergency shelter. The purpose of these studies is to evaluate the existing Recreation Center's roof condition and structural integrity to serve as a shelter in the event of an emergency, and to preserve the health and safety of our employees and visitors until a long term decision is made.

In addition, staff recommends the City Council authorize the release of a Request for Proposal for a Feasibility Study to evaluate the issues and estimated costs associated with constructing a new Recreation Center or other alternatives, such as significantly

improving the existing center to meet future community needs. The findings of this study will serve as the basis for adding the project to the 5-Year Capital Improvement Program to be funded in the future. Building a new Recreation Center would inherently address pressing maintenance upgrade issues in addition to providing the opportunity to re-evaluate community interests and needs such that the facility is timely and relevant and an amenity that will see the Foster City community into the future.

BACKGROUND

The Recreation Center was built nearly 43 years ago, with the original Recreation Center opened to the public in 1974. In 1998 the Recreation Center was remodeled at a cost of \$3,916,000. The Senior Wing addition to the Recreation Center was completed in 2002 in the amount of \$1,760,000.

As the primary community Recreation Center in Foster City and due to its location as a central amenity in Foster City's "crown jewel" Leo Ryan Park, the William E. Walker Recreation Center is a hub of activity in the community. Approximately 3,700 individuals attend classes at the Recreation Center annually, and the Recreation Division plans, sponsors, and coordinates over 50 special events annually.

According to the City's depreciation schedule, the remaining useful life of the Recreation Center is approximately 336 months (28 years) which will occur in 2043. The Recreation Center book / replacement value as of June 2014 totaled \$2,477,900. This schedule was updated based upon the remodel that occurred in 1998, not the overall age of the building.

The City has invested in ensuring that the Recreation Center facility is attractive, up-to-date, relevant, secure, and meets the current needs of the community. Recent maintenance and upgrades include installation of surveillance cameras, installation of murals / paintings, HVAC upgrade (2014), installation of WasteWise Bins (2014), routine maintenance of flooring and interior paint, new operational equipment (stoves), "room refreshing" of Sun Room, Bow Room, and Lobby and installation of efficiency upgrades such as LED lighting, electrical systems, low-flow toilets, and sensor faucets.

Building Maintenance staff that maintains City facilities has experienced ongoing maintenance issues with regard to the Recreation Center roof, much of which is related to the 1998 and 2002 remodel and addition to the existing facility. The Recreation Center roof will be complicated to replace, given the configuration of the various wings, as well as numerous structures related to the HVAC system that are housed there (attachment A). Prior to roof replacement, it will be necessary to conduct diagnostic testing consisting of an infrared scan with detailed drawings and tensile strength testing of the existing roof assembly. Currently, a roof replacement is estimated at \$1,160,000 which does not include investigation of asbestos, HVAC work, carpentry, plumbing, or painting. The total cost could come close to \$2,000,000.

Further, the Recreation Center has been designated as a shelter in the event of an emergency. While the Recreation Center has undergone preliminary Red Cross Shelter evaluation, City staff recommends further facility investigation of the structural integrity of the facility based on knowledge of ongoing maintenance. As part of the Local Hazard Mitigation Plan, the Recreation Center has been identified as a high priority facility that is susceptible to ground shaking as well as flooding due to its proximity to the lagoon. The seismic evaluation will determine what upgrades may be needed to ensure that the facility meets necessary requirements for the facility to function as a shelter in a disaster response.

It is staff's assessment that the potential costs associated with replacing the roof and/or mitigating barriers to emergency shelter readiness, along with the evolution of the Recreation program and the needs that it fulfills in the community, provide the opportunity to discuss and evaluate the overall effectiveness, appropriateness, and most importantly, the integrity of the Recreation Center. Based on this evaluation, a decision can be made whether to invest additional funding to temporary solutions to identified issues or address the needs and community interest by creating a new enhanced recreational facility.

ANALYSIS

There are three major factors to consider in evaluating the option of replacing the existing Recreation Center with a new Recreation Center on the same site:

1. Cost of required improvements to the existing Recreation Center considering the age of the facility, particularly the replacement of the roof
2. Cost of emergency readiness upgrades to the existing facility as outlined in the Local Hazard Mitigation Plan for shelter designation
3. Relevance and effectiveness of existing facility to serve the evolving City development and demographics

Consideration 1: Replacement of Recreation Center Roof

The Recreation Center roof has been constructed in phases: the original building (1974), the remodel (1998), and the Senior Wing addition (2002). While a new life expectancy has been given to each phase of the facility and scheduled maintenance has occurred, the reality is that in order to address the integrity of the entire Recreation Center roof, a new roof is now required on the whole facility that would seamlessly connect the three phases of development.

Staff has received a preliminary cost estimate of \$1,160,000 to replace the roof. However, that cost does not include investigation of asbestos, HVAC work, carpentry, plumbing, or painting. The total cost could come close to \$2,000,000. In order to fully understand the comprehensive cost to replace the roof, a \$6,000 diagnostic testing consisting of an infrared scan with detailed drawings and tensile strength testing of the existing roof assembly would have to be conducted.

Replacing the roof is complicated by the number and configuration of structures on the roof. Besides making it challenging to replace the roof, the roofing configuration also limits the sustainability options for the roof. For instance, it will be impractical to replace the existing roof with a more energy efficient “white roof” like has been done on other facilities. Also, in the past Council has expressed an interest in solar generation equipment, but the current roof is not suitable for that type of installation due to the number and configuration of equipment located on the roof as can be seen in Attachment A.

Consideration 2: Emergency Readiness Upgrades for Shelter Designation

The Recreation Center has been identified as a high priority facility in the Local Hazard Mitigation Plan. However, it has also been identified as being susceptible to ground shaking as well as flooding due to its proximity to the lagoon. Staff is recommending a seismic evaluation which will determine what upgrades may be needed to ensure that the facility meets future requirements for the facility to function as a shelter in a disaster response. Until that evaluation is done, the cost of upgrades is unknown. The cost of the evaluation is expected to be approximately \$6,000.

Consideration 3: Relevance and Effectiveness of Current Facility

Based on the community popularity of the Recreation Center and programming, it is incumbent upon the City to ensure the Recreation Center remains current and fresh with the City’s evolving demographics. Similar to Council’s current philosophy and practice of developing new parks infrastructure that matches the needs of the growing community, indoor recreational facilities should also be considered carefully as part of the community amenity inventory.

The Recreation Center is a dynamic hub of the community that serves as a cultural nucleus and provides space for social interaction, community building, and recreational opportunities while also providing activities and events for the community. Parks and Recreation contributes significantly to the essence and spirit that make Foster City unique and adds quality of life appreciated by Foster City residents.

The Community Benefit of Parks

The role that Parks and Recreation plays in the community has increasingly become that of facilitator. Parks and Recreation is the clearinghouse by which partnership, collaboration, regional efforts, and resources are forged. For example:

- The Parks and Recreation Department partners with the nonprofit, Baybasi to bring the community the Holi Festival
- The Parks and Recreation Department brings together nearly 50 volunteers annually to support the Fourth of July Celebration Clean-up (which has essentially developed into a small event itself)

- The Parks and Recreation Department works in cooperation with San Mateo, Belmont, and Redwood City to address the regional issue of invasive Canadian Geese
- The Parks and Recreation Department supports the efforts of other community services and facilitates information sharing of resources with the Library and Foster City Village

Based on the current research and trends, this emerging role of Facilitator that Parks and Recreation plays in the community is not isolated to Foster City. Recreation Centers and programs are fulfilling that community role with an emphasis on reflecting the community population and demographic. With the rebound in the economy, facilities and parks are being considered major attractions.

The power of Parks and Recreation is that of creating a space that keeps people in their community. Parks and Recreation facilities become community amenities that bring:

- Increased home values – as a result of proximity to well-maintained parks infrastructure
- Value added – as a result of the economic development that occurs around parks and recreation programming; local and regional park systems are responsible for \$140 billion in economic activity and support one million jobs in local economies; \$17.612 billion in economic activity and 126,775 jobs in California
- The opportunity to find respite – in today's fast paced lifestyle, it is increasingly important to provide the opportunity and space for residents to be able to find respite in their community upon returning home at the end of the day
- A place to build connection – Parks and Recreation programming and spaces facilitate the very effort of building social connection which is the foundation of creating a community in which residents feel engaged and included in community life, which in turn makes them more involved their community; Parks and Recreation is the original social network; parks build community and foster social equity
- Health and wellness – the research to support Parks and Recreation's role in public health is strong, and Parks and Recreation is looked upon in many counties, including San Mateo County, to provide County residents opportunities to access free and low cost health and wellness opportunities
- Sustainability – in many ways, the Parks and Recreation profession is looked at to emulate the role of sustainability through landscape design (drought tolerant alternative), energy efficient facilities (LED lighting and automated restroom features) and recycling (waste diversion incorporated in large special events)

The Future Role of Parks and Recreation in Foster City

The current Recreation Center has met the needs of the past, but may not be adequately relevant and effective for meeting the needs of the future. If the City Council chooses to move forward in considering the replacement of the existing facility, there would be an opportunity to expand the current use and create a vision for what an enhanced Recreation Center could bring to Foster City's evolving social landscape.

Some priorities for a new center could include:

- A well-designed multi-use space that fits well into the beauty and culture of Foster City. An ideal building would offer a good return on investment with a mix of meeting space, class and rental spaces, with little to no wasted square footage.
- Specialized spaces for uses that do not currently exist in Foster City. For instance, the rooftop might be utilized as a garden, rentable space for weddings and events during the summer months to take advantage of the weather and the beautiful lagoon view, or made available to reserve for the annual viewing of the historic Foster City fireworks.
- Building and surrounding areas that fit into the natural landscape of the Foster City Lagoon and surrounding buildings and harmonizes with natural beauty and landscape while also providing potential additional services for park patrons, ex. patio café.
- An interactive space in which individuals of all cultures, ages, and demographics can connect and learn through hands-on activities, passive educational activities as well as recreation, and incorporated technology and use of technology.
- A space that inspires creativity and community spirit.
- A place of health and wellness, both physical and emotional.
- An environmentally efficient and sustainable space that makes use of natural light, is energy efficient, utilizes local materials and landscaping and has a low carbon footprint.
- Flexible design techniques and construction materials that can accommodate many possibilities which would allow for altering the building interior without requiring major demolition – and in that way, the facility would be more adaptable to constant incremental change and responsive to adjusting based on program needs.

Next Steps and Process

If the Council's policy direction is to begin the input process to gain a pulse on the community's interests with regard to community recreational facilities and vision for a new Recreation Center, staff would prepare and release a Request for Proposal for a Feasibility Study for the Construction of a New Recreation Center. Staff would estimate that an agreement of this type could cost approximately \$125,000 in FY 2016-17 and would assist with the community input process such that the recommendations that would be brought back for City Council review would conform to City codes and standards as well as provide preliminary costs associated with constructing a new recreation center.

Based on City Council direction, staff would propose the RFP Scope of Work as reflected in Attachment B as a starting point. Project objectives would be negotiated and defined to appropriately reflect the goal of defining a relevant Recreation Center for Foster City now and into the future.

If the City Council wishes to move forward with considering a new Recreation Center project, staff would anticipate approximately one year to complete the work as listed above.

Phase I would include:

- Develop and issue RFP
- Conduct community outreach process to identify needs and wants
- Build consensus around community input and vision for a new Recreation Center
- Identify funding sources

Phase II would include:

- Conceptual planning to evaluate how the Recreation Center would fit on the site
- Cost estimate for new Recreation Center
- Temporary location plan (for Recreation Center services)

Phase I Timeline

March 28, 2016	City Council authorizes staff to move forward with planning for a new Recreation Center.
May 23, 2016	Staff includes funding in the Preliminary Budget for conceptual design and initial public outreach in Fiscal Year 2016-17.
Fiscal Year 2016-17	Staff engages consultant to conduct public outreach and develop conceptual design and preliminary cost estimates.
March 2017	Based on preliminary cost estimates, staff presents the Recreation Center project as part of the Five-Year Capital Improvement Project Plan for FY 2017-18 through FY 2021-22. This CIP would identify timeline, cost, funding alternatives and other resources needed to complete the project.

With regard to CIP 655, Leo Ryan Lawn Conversion and Bocce Ball Court Expansion Project, staff does not anticipate recommending changing the site of a new Recreation Center to be further south than its present location, based on visual impacts and distribution of active and passive park space. The completion of CIP 655 should not be impacted for development of a Recreation Center. In fact, it is anticipated that the work of CIP 655 could serve as a catalyst for energization of the Recreation Center Complex. When completed, CIP 655 will have created a visual invitation to draw people into the Park. The opportunity then exists for park patrons to further explore the park and facilities; they have arrived at the Recreation Center Complex in Leo Ryan Park.

FISCAL IMPACT

Staff is prepared to secure the necessary contracts to evaluate the Recreation Center roof condition and structural integrity of the Recreation Center to serve as an

emergency shelter in the amount of \$12,000, which will ensure public safety in City facilities. If the City Council chooses to move forward with considering a new Recreation Center project, staff recommends that an additional \$125,000 be included in the FY 2016-17 budget for community outreach, preliminary conceptual development of design by an architectural consultant, and a preliminary cost estimate with potential funding strategies. Attached to this report is a sample scope of work that could be used in developing a request for proposals for the feasibility study. It details a potential process and action plan that will provide the City Council with enough information to make an informed decision about a preferred project.

Attachments:

A: Sample Scope of Work

(SAMPLE ONLY)
Scope of Work

Foster City Recreation Center in Leo Ryan Park

A. Public Process:

- Identify, describe and implement a comprehensive strategy and methodology for citizen involvement in this Master Plan development process.
- Assure residents, user groups, associations and other stakeholders that they are provided with an opportunity to participate in the development of this plan.
- Conduct various public community meetings, focus groups and individual stakeholder interviews.
- Attend various commission and City/County/District Council meetings to provide progress reports.
- Act as professional facilitators to gather specific information about services, use, preferences and strengths, weaknesses, opportunities and threats.
- Provide well-organized and directed activities, techniques and formats that will ensure that a positive, open and proactive public participation process is achieved.
- Provide written reports and summaries of the results of all public meetings.
- Solicit input from as many people as possible, including users and non-users of the services and facilities.

B. Statistically-Valid Survey

- Develop a City/County/District-wide community needs assessment survey to identify community needs and issues related to recreation/park programs and facilities. The survey should accurately represent a sampling of the community population, with a return rate sufficient to provide statistically-valid results. This survey will be used as a baseline to determine needs, desires and willingness to pay for said facilities and programs.

C. Existing and Future Facilities – Analysis of Level of Services.

- Compile an inventory and assessment of the existing parks/recreation programs, services and facilities. The assessment will include a comparative analysis to communities of similar size and density within the region, and use nationally accepted standards. The analysis should consider not only the capacity of each amenity found within the system (playgrounds, ball fields, trails, natural areas, special facilities, etc.) but also address functionality, accessibility, condition, comfort and convenience. The analysis will also include identification of the best possible providers of community and recreation services and recommendations for minimizing duplication of programs and enhancing possibilities for partnerships where appropriate.

D. Rank and Prioritize Demand and Opportunities

- Prioritize recommendations for needs regarding land acquisition, the development of parks, trails, open space and recreation facilities.
- Develop a set of prioritized recommendations for maintenance and renovation of parks, trails and recreation facilities.

E. Analysis of Programs and Services

- Provide an assessment and analysis of the Community Services Department's current level of recreation programs, services and maintenance.
- Provide a user fee analysis for facilities, programs and services.
- Provide recommendations for minimizing duplications or enhancing possibilities for collaborative partnerships where appropriate.

F. Progress Reporting

- The consultant and the City/County/District's Project Manager shall hold progress meetings as often as necessary. The consultant shall supply the City/County/District's Project Manager with at least one (1) copy of all completed or partially completed reports, studies, forecasts, maps or plans as deemed necessary by the City/County/District Project Manager at least three (3) working days prior to the progress meeting. The City/County/District's Project Manager shall schedule the meetings, as necessary.

G. Action Plan

- Collect and analyze demographic information for the community.
- Collect and analyze information on participation, needs, desires, operations, programming, land use trends and make recommendations.
- Identify areas of service shortfalls and projected impact of future trends.
- Develop recommendations for operations, staffing, maintenance, programming and funding needs.
- Provide a clear plan for development of programming based on current park standards and citizen demand analysis.
- Develop a definitive program for the acquisition and development of parkland, recreational facilities, open space and trails.
- Project the anticipated costs for park maintenance and administration of facilities for the future.
- Identify opportunities for available funding and acquisition alternatives.
- Develop an action plan which includes strategies, priorities and an analysis of budget support, funding mechanisms for the short term, mid-term and long term for the park system, open space, trails and recreation programs and services.

H. Development of Final Plans and Supporting Materials

- The Master Plan must include written goals, plans, objectives and policy statements that articulate a clear vision or "road map," and model for the Community Services Department's future.

- A summary of existing conditions, inventories and Level of Service analysis.
- Charts, graphs, maps and other data as needed to support the plan and its presentation to the appropriate audiences.
- A Financial Plan.
- An Action Plan.
- A minimum of one (1) meeting with the Parks and Recreation Commission at the time of adoption of the Master Plan.
- A minimum of two (2) meetings with the City/County/District Council, one (1) to present the draft Master Plan and one (1) at the adoption of the final Master Plan.
- A color version of the draft Master Plan document consisting of one (1) printed and bound color copy and an electronic copy in a format compatible with the City/County/District 's software.
- A color version of the final Master Plan document consisting of one (1) printed and bound color copy and an electronic copy in a format compatible with the City/County/District 's software.
- A color version of the final Executive Summary consisting of one (1) printed copy and an electronic version in a format compatible with the City/County/District's software.

I. Miscellaneous

- Develop a plan and project schedule.
- Attend, lead and facilitate community meetings as necessary.
- Develop and manage the tools necessary to collect community input and data.
- Prepare an executive summary that includes statistics and trends addressing recreation and leisure needs in municipality for the future.
- Incorporate available 2010 U.S. Census data as it pertains to municipality.
- Articulate themes identified through the data-gathering process into goals and strategies.
- Identify how individuals access recreation and leisure services in Z.
- Other work items as necessary.