



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

**AGENDA**

Monday, March 27, 2017 6:30 PM

**SPECIAL MEETING**

**1. CALL TO ORDER**

**2. ROLL CALL**

Councilmembers Sam Hindi, Catherine Mahanpour, Herb Perez, Gary Pollard and Mayor Charlie Bronitsky

**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**

**4.1.1. General Fund Reserve Policy**

a) Staff Report

b) Action - A Resolution of the City Council of the City of Foster City Updating its General Fund Reserve Policy in Identifying Permitted Uses General Fund Reserves and Unassigned General Fund Balance (Excess Reserves)

c) Action - A Resolution of the Board of Directors of the Estero Municipal Improvement District Updating its General Fund Reserve Policy in Identifying Permitted Uses General Fund Reserves and Unassigned General Fund Balance (Excess Reserves)

**4.1.2.** Financing Alternatives for the Wastewater Treatment Plant, Levee, and Recreation Center Master Plan Capital Improvement Projects

**4.2.** Capital Improvement Funds

**4.2.1.** Five-Year Capital Improvement Program - FY 2017-2018 to FY 2021-2022

**4.2.2.** Long-Term Capital Improvement Project Funding - City Capital Investment Fund - FY 2017-2018 to FY 2026-2027

**4.2.3.** Long-Term Capital Improvement Project Funding - Water and Wastewater Enterprise Funds - FY 2017-2018 to FY 2026-2027

**4.3.** Enterprise Funds

**4.3.1.** Review of Projected Water Rates for FY 2017-2018; Policy Direction for Rate Notification Under Proposition 218

**4.3.2.** Review of Projected Wastewater Rates for FY 2017-2018; 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. Internal Service Fund for Compensated Absences

## 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 on Comcast Channel 27 and AT&T Channel 99:**

**LIVE** every 1<sup>st</sup> and 3<sup>rd</sup> Monday of the month

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

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



DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

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

SUBJECT: FY 2017-2018 BUDGET AND FIVE YEAR FINANCIAL PLAN STUDY  
SESSION SUMMARY

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### RECOMMENDATION

It is recommended that the City Council/EMID Board of Directors review the budget study session reports prepared for the March 27, 2017 Special Meeting (Budget Study Session) and provide policy direction relative to the preparation of the FY 2017-2018 Budget and Five-Year Financial Plan. Based on that policy direction, City staff will prepare the preliminary budget documents and the Proposition 218 public hearing notices for 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 2017-2018 Budget and Five-Year Financial Plan and to properly notice the public hearings for water and wastewater rates. City staff has prepared a series of reports that will be reviewed by the City Council/EMID Board of Directors so that policy direction can be provided.

Based on the policy direction received at this budget study session, City staff will proceed to prepare the preliminary FY 2017-2018 budget documents that will be reviewed by the City Council at its Preliminary Budget Review Study Session on May 8, 2017. The final FY 2017-2018 budget will be considered for adoption by the City

Council at its regular meeting on June 19, 2017.

## 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 of Directors. They are as follows:

## **SUPPLEMENTAL BUDGET REPORTS AND SPECIAL REPORTS**

### **General Fund Reserve Policy**

The policy question of this special report is:

*1. Does the City Council/Estero Municipal Improvement District wish to update the General Fund Reserve Policy to identify permitted uses of General Fund Reserves and Unassigned General Fund Balance (excess reserves) over and above the current target range of 33-1/3% to 50% of budgeted annual operating expenditures?*

Financing Options for the Levee, Wastewater Treatment Plant, and Recreation Center Master Plan Projects

*2. Staff seeks comments on the information related to financing options contained in this report.*

## **CAPITAL IMPROVEMENT FUNDS**

### **Five-Year Capital Improvement Program — FY 2017-2018 to FY 2021-2022**

The policy direction sought from this staff report is:

*3. Authorization to proceed to include the proposed Five-Year Capital Improvement Program – FY 2017-2018 to FY 2021-2022 in the FY 2017-2018 budget as presented or otherwise directed by the City Council.*

### **Long-Term Capital Improvement Project Funding — City Capital Investment Fund — FY 2017-2018 to FY 2024-2025**

The policy direction sought from this staff report is:

*4. Based on a review of the updated analysis, provide direction regarding the Long-Term Capital Improvement Project (CIP) Funding program for the City's Capital Investment Fund.*

**Long-Term Capital Improvement Project Funding — Water and Wastewater Enterprise Funds – FY 2017-2018 to FY 2025-2026**

The policy direction sought from this staff report is:

*5. Based on a review of the updated analysis, provide direction regarding the Long-Term Capital Improvement Project (CIP) Funding program for the District's Water and Wastewater Enterprise Funds.*

**ENTERPRISE FUNDS**

**Review of Projected Water Rates for FY 2017-2018**

The policy directions sought from this staff report are:

*6. Authorization to proceed with the water rate increase assumptions that reflect increases of 6.1% for residential customers, 3.62% for commercial customers, and a 6.5% increase for irrigation customers, or as otherwise directed by the Board of Directors.*

*7. Authorization to continue the Water Sustainability Fund budget of \$200,000 for FY 2017–2018 to support water conservation, or as otherwise directed by the Board of Directors.*

*8. Based on a review of the analysis, provide direction to staff regarding the Board of Directors' desire to establish a Low-Income Discount Program for the City's Water Enterprise.*

*9. Authorization to proceed with distributing Proposition 218 Notice based on the Board of Directors' direction regarding water rates, or as otherwise directed by the Board of Directors.*

**Review of Projected Wastewater Rates for FY 2017-2018**

The policy directions sought from this staff report are:

*10. Authorization to proceed with the wastewater rate increase assumptions that reflect an increase of 14.25% per year for FY 2017-2018 through FY 2021-2022, or otherwise directed by the Board of Directors.*

*11. Authorization to proceed with distributing Proposition 218 Notice based on the Board of Directors' direction regarding wastewater rates, or as otherwise directed by the Board of Directors.*

## **INTERNAL SERVICE FUNDS**

### **Internal Service Summary and Fund Balance Analysis**

The policy direction sought from this supplemental report is:

*12. Confirmation of the City Council's policy on reserve levels and funding methodologies for its Internal Service Funds, or as otherwise directed by the City Council.*

### **Vehicle Replacement Fund**

The policy direction sought from this special report is:

*13. 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:

*14. 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:

*15. 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:

*16. 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:

*17. 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:

*18. 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.*

### **CONCLUSION**

Based on the policy direction received at this budget study session, City staff will prepare the preliminary budget documents for City Council/EMID Board of Directors consideration at the budget study session on May 8, 2017. The culmination of the budget process will be the adoption of the final FY 2017-2018 Budget and Five-Year Financial Plan, which the City Council/EMID Board of Directors will consider at its June 19, 2017 regular meeting.





DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

FROM: Edmund Suen, Finance Director

SUBJECT: GENERAL FUND RESERVE POLICY

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#### RECOMMENDATION

It is recommended that the City Council/Estero Municipal Improvement District (City) Board of Directors adopt the attached resolutions updating the General Fund Reserve Policy in identifying permitted uses of General Fund Reserves and Unassigned General Fund Balance (excess reserves) over and above the current target range of 33-1/3% to 50% of budgeted annual operating expenditures.

#### EXECUTIVE SUMMARY

On April 5, 2010, the City Council established the City's General Fund Reserve Policy establishing a minimum reserve threshold of 33-1/3% of budgeted annual operating expenditures, and established a target reserve range of 33-1/3% to 50% of budgeted annual operating expenditures in the annual 5-Year Financial Plan (see Attachment 3 – Resolution No. 2010-33). Over the past several years, the City has enjoyed both regional and local economic prosperity and seen its General Fund Balance (as of the end of FY 2015-2016) widen to \$37,865,914 or 97% (or 11+ months) of the budgeted FY 2016-2017 General Fund expenditures of \$38,886,185. It is recommended that the current General Fund Reserve Policy be expanded to provide direction on permissible uses of General Fund Reserves as well as permissible uses of Unassigned General Fund balance (excess reserves) over and above the upper reserve range (50% level).

## BACKGROUND AND ANALYSIS

The City's General Fund Balance is typically the most discussed single item in a government agency's financial statements. Agencies commonly seek to maintain adequate levels of General Fund Balance by establishing a Reserve Policy to mitigate current and future risks and provide a safety net to respond to unexpected fiscal hardships such as local disasters, economic downturns (revenue shortfalls), external revenue attacks (California budget takeaways), and unforeseen operating or capital needs. Resolution No. 2010-33 was adopted by the City Council on April 5, 2010 establishing a General Fund Reserve of 33-1/3% of budgeted annual operating expenditures and a target reserve range of 33-1/3% to 50% of budgeted annual operating expenditures in the annual 5-Year Financial Plan.

As indicated earlier on this report, on June 30, 2016, the City's General Fund Balance was \$37,865,914 or 97% (or 11+ months) of the budgeted FY 2016-2017 General Fund expenditures of \$38,886,185. Therefore, there is approximately \$18,422,821 (\$37,865,914 less \$19,443,093) of Unassigned Fund Balance (excess reserves) that can be used for other unfunded financial needs of the City. Since the current General Fund Reserve Policy does not address permitted uses of General Fund Reserves as well as Unassigned General Fund Balance (excess reserves), staff is bringing forth a resolution that expands the General Fund Reserve Policy to identify permitted uses of General Fund Reserves as well as Unassigned General Fund Balance (excess reserves). Staff recommends that use of General Fund Reserves be limited to unanticipated, non-recurring needs, or future obligations and not be used for normal or recurring annual operating expenditures with the City Manager authorized to make recommendations to the City Council for such use(s) of General Fund Reserves. The Reserve Policy would also require a majority vote of the City Council with an accompanied proposal for the replenishment of the reserves. As for Unassigned Fund Balance (excess reserves), staff recommends that it be made available to (1) Capital Improvement Program projects (CIP), including the transfer of up to 4 years of CIP funding based on the City's 10-year CIP Program; (2) investments to promote staff retention and recruitment (e.g. workforce housing), liability reductions (pension and other post-employment benefit obligations), economic development (Foster City Sustainability programs), and other strategies that will strengthen City revenues or reduce future costs.

At the February 13, 2017 City Council Special Meeting (Budget Study Session), staff discussed a new funding model for long-term CIP using a 4-year rolling strategy. Funding would come from the City's Unassigned General Fund Balance (excess reserves). As indicated in a separate staff report this evening, based on the 10-year City CIP, \$1.9 million is needed annually to fund the City's CIP program. Should the City Council approve the updated Reserve Policy and the new 4-year CIP funding

model, staff will bring forth on June 5, 2017 a resolution to formally effectuate the transfer of \$7.6 million from the City's Unassigned General Fund Balance (excess reserves) to the City CIP Fund, leaving an Unassigned General Fund Balance of \$10,822,821 (\$18,422,821 less \$7,600,000). Such a transfer would not preclude the City Council to transfer any of the \$7.6 million that has not been encumbered in the City CIP Fund back to the General Fund if the City Council felt so inclined.

#### FISCAL IMPACT

If the updated Policy is adopted, staff will bring forth a resolution to transfer \$7.6 million from Unassigned General Fund Balance (excess reserves) to the City CIP Fund on June 5, 2017.

#### Attachments:

1. Resolution (City with Exhibit A)
2. Resolution (EMID with Exhibit A)
3. Resolution No. 2010-33 (General Fund Reserve Policy adopted on April 5, 2010)

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF FOSTER CITY UPDATING ITS GENERAL FUND RESERVE POLICY IN IDENTIFYING PERMITTED USES GENERAL FUND RESERVES AND UNASSIGNED GENERAL FUND BALANCE (EXCESS RESERVES)

CITY OF FOSTER CITY

WHEREAS, the City of Foster City ("City") City Council current General Fund Reserve Policy is a minimum threshold of 33-1/3% of budgeted annual operating expenditures and a target reserve range of 33-1/3% to 50% for purposes of its Five-Year Financial Plan; and

WHEREAS, the City Council desires to update its current General Fund Reserve Policy to identify permitted uses of General Fund Reserves and Unassigned General Fund Balance (excess reserves).

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Foster City does hereby adopt the revised the General Fund Reserve Policy as provided on Exhibit A.

PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the regular meeting held on the 27<sup>th</sup> day of March, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
CHARLIE BRONITSKY, MAYOR

ATTEST:

\_\_\_\_\_  
DORIS L. PALMER, CITY CLERK

## **CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT GENERAL FUND RESERVE POLICY**

### **PURPOSE**

This General Fund Reserve Policy ("Policy") establishes a safety net for the City of Foster City/Estero Municipal Improvement District ("City") to respond to unexpected fiscal hardships such as local disasters, economic downturns (revenue shortfalls), external revenue attacks (California budget takeaways), and unforeseen operating or capital needs.

This Policy is intended to guide the City in setting aside General Fund Reserves and its use thereof. Should circumstances arise which will cause the City to deviate from any aspect of the Policy, City staff shall return to the City Council/District Board ("Governing Board") for policy direction.

The Governing Board may amend this Policy from time to time.

### **AMOUNT HELD IN RESERVE**

The City will strive to a minimum reserve threshold of 33-1/3% of budgeted annual operating expenditures with a target range of 33-1/3% to 50% for purposes of the Five-Year Financial Plan. The Finance Director shall record the minimum reserve threshold in the City's financial records based upon the annual budgeted expenditures in the most recently adopted annual budget for the General Fund.

### **FUNDING OF GENERAL FUND RESERVES**

Funding of General Fund Reserve targets will generally come from excess revenues over expenditures or one-time revenues.

### **USE OF GENERAL FUND RESERVES**

The use of reserves shall be limited to unanticipated, non-recurring needs, or unanticipated future obligations. General Fund Reserves shall not be used for normal or recurring annual operating expenditures. The City Manager is authorized to make recommendations to the City Council for use of General Fund Reserves. A majority vote of the City Council will be required to use reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves to the City Council.

### **USE OF UNASSIGNED GENERAL FUND BALANCE**

From time to time, the City may hold Unassigned General Fund Balance in excess of the upper end of the General Fund Reserve target range (i.e. 50% Reserve level). Such Unassigned General Fund Balance may be used for:

- 1) Capital Improvement Program projects (CIP), including the transferring of up to 4 years CIP funding based on the City's 10-year CIP Program.
- 2) Making investments to promote staff retention and recruitment (e.g. workforce housing), liability reductions (e.g. pension and other post-employment benefit obligations), economic development and other strategies that will strengthen City revenues or reduce future costs, and unforeseen expenditures (e.g. emergencies).

The City Manager is authorized to make recommendations to the City Council to appropriate Unassigned General Fund Balance transfers. A majority vote of the City Council will be required to appropriate Unassigned General Fund Balance (excess reserves) transfers/use.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT UPDATING ITS GENERAL FUND RESERVE POLICY IN IDENTIFYING PERMITTED USES GENERAL FUND RESERVES AND UNASSIGNED GENERAL FUND BALANCE (EXCESS RESERVES)

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the Estero Municipal Improvement District ("District") Board current General Fund Reserve Policy is a minimum threshold of 33-1/3% of budgeted annual operating expenditures and a target reserve range of 33-1/3% to 50% for purposes of its Five-Year Financial Plan; and

WHEREAS, the District Board desires to update its current General Fund Reserve Policy to identify permitted uses of General Fund Reserves and Unassigned General Fund Balance (excess reserves).

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of the Estero Municipal Improvement District does hereby adopt the revised the General Fund Reserve Policy as provided on Exhibit A.

PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at the regular meeting held on the 27<sup>th</sup> day of March, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
CHARLIE BRONITSKY, PRESIDENT

ATTEST:

\_\_\_\_\_  
DORIS L. PALMER, DISTRICT SECRETARY

## **CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT GENERAL FUND RESERVE POLICY**

### **PURPOSE**

This General Fund Reserve Policy ("Policy") establishes a safety net for the City of Foster City/Estero Municipal Improvement District ("City") to respond to unexpected fiscal hardships such as local disasters, economic downturns (revenue shortfalls), external revenue attacks (California budget takeaways), and unforeseen operating or capital needs.

This Policy is intended to guide the City in setting aside General Fund Reserves and its use thereof. Should circumstances arise which will cause the City to deviate from any aspect of the Policy, City staff shall return to the City Council/District Board ("Governing Board") for policy direction.

The Governing Board may amend this Policy from time to time.

### **AMOUNT HELD IN RESERVE**

The City will strive to a minimum reserve threshold of 33-1/3% of budgeted annual operating expenditures with a target range of 33-1/3% to 50% for purposes of the Five-Year Financial Plan. The Finance Director shall record the minimum reserve threshold in the City's financial records based upon the annual budgeted expenditures in the most recently adopted annual budget for the General Fund.

### **FUNDING OF GENERAL FUND RESERVES**

Funding of General Fund Reserve targets will generally come from excess revenues over expenditures or one-time revenues.

### **USE OF GENERAL FUND RESERVES**

The use of reserves shall be limited to unanticipated, non-recurring needs, or unanticipated future obligations. General Fund Reserves shall not be used for normal or recurring annual operating expenditures. The City Manager is authorized to make recommendations to the City Council for use of General Fund Reserves. A majority vote of the City Council will be required to use reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves to the City Council.

### **USE OF UNASSIGNED GENERAL FUND BALANCE**

From time to time, the City may hold Unassigned General Fund Balance in excess of the upper end of the General Fund Reserve target range (i.e. 50% Reserve level). Such Unassigned General Fund Balance may be used for:

- 1) Capital Improvement Program projects (CIP), including the transferring of up to 4 years CIP funding based on the City's 10-year CIP Program.
- 2) Making investments to promote staff retention and recruitment (e.g. workforce housing), liability reductions (e.g. pension and other post-employment benefit obligations), economic development and other strategies that will strengthen City revenues or reduce future costs, and unforeseen expenditures (e.g. emergencies).

The City Manager is authorized to make recommendations to the City Council to appropriate Unassigned General Fund Balance transfers. A majority vote of the City Council will be required to appropriate Unassigned General Fund Balance (excess reserves) transfers/use.

RESOLUTION NO 2010-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY ADOPTING A GENERAL FUND RESERVE POLICY THAT ESTABLISHES A MINIMUM RESERVE THRESHOLD OF 33-1/3% OF BUDGETED ANNUAL OPERATING EXPENDITURES, AND A TARGET RESERVE RANGE OF 33-1/3% TO 50% OF BUDGETED ANNUAL OPERATING EXPENDITURES IN THE FIVE-YEAR FINANCIAL PLAN

## CITY OF FOSTER CITY

WHEREAS the City Council current General Fund reserve policy is a minimum threshold of \$10 million in unrestricted undesignated fund balance and

WHEREAS the City Council desires to change its current General Fund reserve policy to reflect a minimum threshold of 33-1/3% of budgeted annual operating expenditures and a target reserve range of 33-1/3% to 50% for purposes of its Five-Year Financial Plan

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Foster City that the General Fund reserve policy is revised to establish a minimum reserve threshold of 33-1/3% of budgeted annual operating expenditures with a target range of 33-1/3% to 50% for purposes of the Five-Year Financial Plan and that the Finance Director is hereby directed to record the minimum reserve threshold in the City's financial records based upon the annual budgeted expenditures in the most recently adopted annual budget for the General Fund

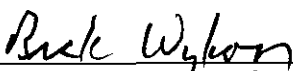
PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the Regular Meeting held on the 5th day of April 2010 by the following vote

AYES Councilmembers Bronitsky, Frisella, Kiesel, Koelling and Mayor Wykoff

NOES None

ABSENT None

ABSTAIN None

  
 \_\_\_\_\_  
 RICK WYKOFF MAYOR

ATTEST

  
 \_\_\_\_\_  
 DORIS L. PALMER CITY CLERK





DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

FROM: Edmund Suen, Finance Director

SUBJECT: FINANCING ALTERNATIVES FOR CITY/DISTRICT'S WASTEWATER  
TREATMENT PLANT, LEVEE IMPROVEMENTS, AND RECREATION  
CENTER MASTER PLAN CAPITAL IMPROVEMENT PROJECTS

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### RECOMMENDATION

Staff recommends that the City Council/Estero Municipal Improvement District (City) receive the attached report (Consultant Report) from the City's municipal financial advisors, Kitahata & Company and William Euphrat Municipal Finance Inc. on financing alternatives for the Wastewater Treatment Plant (WWTP), Levee Improvements, and Recreation Center Master Plan Projects, collectively the "Big 3" projects.

### EXECUTIVE SUMMARY

The City has three projects ("Big 3 projects") whose replacement costs are so significant that they require financing alternatives (debt financing and/or use of reserves) outside of the normal Long-Term CIP funding model that will be discussed under a separate report this evening. The City's municipal financial advisors have prepared a report that outlines the financing alternatives for each of these Big 3 projects.

### BACKGROUND and ANALYSIS

The City's current CIP includes two (2) very significant projects, the Wastewater Treatment Plant Master Plan Improvements Project (CIP 455-652) and the Levee

Protection Planning and Improvements Project (CIP 301-657) with estimated total project costs of approximately \$119.6 and \$75 million, respectively. In addition, the City is also considering a Recreation Center Master Plan project with an approximate construction cost of \$30 million to replace the current Recreation Center. Due to the large costs of these Big 3 projects, it warrants an evaluation of financing options that includes debt and/or use of reserves. The City's municipal financial advisors, Kitahata & Company and William Euphrat Municipal Finance Inc. have provided a report (Attachment 1) identifying financing alternatives for these projects, both at an individual project level as well as in the aggregate/holistic perspective. The report findings are as follows:

WWTP: Debt financing in the form of wastewater revenue bonds and/or State Clean Water Revolving Loan funds is well suited for this purpose, supported by wastewater rate increases necessary to pay for the associated debt service because users of the system are those who directly benefit. While the use of General Fund Reserves and/or Capital Preservation Fund Reserves ("Reserves") for this project is possible, competing demands of the Levee Protection Planning and Improvements Project and the Recreation Center Master Plan Project, neither of which has a ready source of revenues to pay debt service, make it compelling to use only the Wastewater Fund's cash balances and wastewater enterprise revenue bonds for WWTP capital projects.

Levee Improvements: Either Assessment District, Mello-Roos Community Facility Special Tax (M-R), or General Obligation (G.O.) bonds can be used for this project. However, G.O. bonds are the most cost-efficient form of financing for this type of project because they are the most secure and highly rated form of municipal bond financing, resulting in the lowest interest rate and therefore the lower cost of debt service. Both G.O. and M-R bonds require 2/3 voter approval (compared to a majority protest ballot process weighted by amount assessed for an assessment district), but since the Levee Protection Planning and Improvements Project can be viewed as an essential project that removes the City from a FEMA high risk flood zone, it provides homeowners that have mortgages issued by federally regulated lenders considerable savings compared to having to pay flood insurance (the cost-benefit nexus). The risk for an Assessment District is that it requires a finding of specific benefit and the assessments must be proportional to the "special benefit," which makes it more susceptible to a legal challenge compared to a voter approved tax (i.e., G.O. or M-R) bond. An M-R bond also requires 2/3 voter approval, but is likely to have a higher interest rate compared to the G.O. bond. While the use of Reserves are also possible for the levee improvements, as discussed earlier, there is already a cost-benefit nexus for many taxpayers and the impact of supplementing the project with Reserves would be relatively marginal in dollars terms (see page 4 of Consultant Report).

Recreation Center Master Plan: Either citywide M-R or G.O. bonds can be used for recreation centers. However, both financing vehicles would require 2/3rds voter

approval for a project that does not have the public safety benefits or the essentiality such as that of the Levee Protection Planning and Improvements Project. This would suggest a lower likelihood of getting 2/3rds voter approval for either G.O. or M-R bonds. An Assessment District would not be appropriate. This would require a special benefit finding for each property within the assessment district. Developing an assessment formulation impervious to legal challenge would be very difficult for this type of improvement. Further, general benefits must be paid by the City, not by assessees. As a means of overcoming the difficulties with obtaining voter approval or making a finding special benefit to properties, the City may consider General Fund lease revenue bonds, which do not require voter approval, only majority approval of the City Council. However, the downside is that the City's General Fund must pay for annual debt service without any dedicated new source of revenue to pay for debt service, unlike the other forms of financing just described above, each of which has both an authority to issue debt and a new source of revenue to pay debt service. Lease payments would put additional pressure on the General Fund to maintain a balanced budget on an annual basis for the duration of the 30-year bond term. Alternatively, the City may consider using Reserves for this project. The City's General Fund and Capital Preservation Fund Reserve balance is estimated to be \$33.4 million (assumes a transfer of \$7.6 million to the CIP Fund in FY 2016/2017) and \$36.6 million respectively by June 30, 2017. Using Reserves to cash-fund all or a portion of this project would not directly impact the City's taxpayers as taxes would be unaffected by using cash resources, but using Reserves for this purpose would deplete cash resources that might be applied to other or more essential projects.

#### Timeline for Financing the Big 3 Projects

Costs incurred for the City's share of the Wastewater Treatment Plant Master Improvement Project has thus far been advanced out of the Wastewater Capital Project Fund. Since wastewater revenue bonds do not require voter approval, once the City Council has passed a 5-year annual wastewater rate increase (see separate staff report this evening on the policy decision on wastewater rates), wastewater revenue bonds may be issued at any time based on cash flow requirements. The San Mateo-Foster City Public Financing Authority (formed last year between San Mateo and Foster City) will be submitting its application for low cost loans under the Clean Water State Revolving Funds program. If approved, this will supplement wastewater revenue bond financing.

The City Capital Projects Fund has been advancing funds for costs of the Levee Protection Planning and Improvements Project. As indicated on the attached Levee Work Plan Schedule, City Council direction on a financing method for the project is needed no later than July 2017 in order for a voter ballot measure (i.e. G.O. or M-R bonds) to be included on the November 2017 election. Staff plans to meet with the Levee Subcommittee to further discuss the Levee financing alternatives at a later date.

The Recreation Center Master Plan project is still at its planning stage. There will be a City Council Special Meeting (Study Session) on the Recreation Center Master Plan Next Steps on April 3, 2017. The financing alternatives identified on this report provide options for City Council's reference and consideration.

#### FISCAL IMPACT

There is no immediate fiscal impact associated with evaluating financing alternatives for the City's Big 3 projects; the fiscal impact can be determined at the time of the selection and approval of the actual financing by the City Council.

#### Attachments:

- Attachment 1 - Consultant Report on Financing Alternatives
- Attachment 2 - Levee Work Plan Schedule

## **Financing Alternatives for Wastewater Treatment Plant, Levee Improvements and Recreation Center Master Plan**

### **Introduction**

The City of Foster City ("City") is considering a potential capital project for approximately \$30 million to construct a new Recreation Center for the City. At the same time, the City is undertaking two other capital projects: \$119.6 million in improvements to the wastewater treatment plant ("WWTP") jointly owned with the City of San Mateo and approximately \$75 million for City-wide levee improvements. This is an unprecedented time for the City to be dealing with so many significant capital projects with such a large aggregate total dollar cost. This report will suggest how to best finance a new Recreation Center in the context of the other two major capital projects.

### **Background**

The City has considerable cash reserves that can be contributed to these projects. In addition, the City has available to it a variety of borrowing alternatives that will allow it to achieve its objectives. From a public policy and public financing perspective, it would be best to consider all three capital projects at once and in the context of the various forms of financing available to the City.

Besides paying cash for a project, the City has access to at least four forms of debt financing for capital projects. The main distinction between the forms of financing is the basis for debt repayment, meaning the source of funds budgeted annually to pay debt service for the full term of the financing (which is usually for 30 years for a major capital project), whether a vote of the electorate is required, and whether the funds used to pay debt service are generated by new resources or from existing monies. Each tool is discussed below.

**Cash:** The City has accumulated cash balances in its Wastewater Enterprise Fund, in its General Fund and in its Capital Preservation Fund. While cash in the Wastewater Enterprise Fund is restricted for application to wastewater projects, cash in the General Fund and Capital Preservation Fund can be used for any capital project. The question is how much of the cash in each fund should be expended on these projects, and to which projects should the cash in each fund be applied, if at all. Rationales for the use of cash to fund large public projects are varied and often come down to availability more than anything else. Some reasons include:

- Reserves are available and there are no major competing capital uses;
- The demand on future budgetary resources for services and salaries/benefits is expected to consume all available revenues, leaving no room for future debt service payments;
- The stability of future revenues is uncertain, making the assumption of debt that is not supported by dedicated taxes or revenues too risky to the financial health of the public agency; and

- The project is not of uniform benefit to residents, or could be controversial, making the success of a voter-approved bond issue unlikely or highly uncertain.

**Debt:** There are various types of debt that a California city can issue for projects like these. Debt is frequently used when the cost of a project exceeds available current resources, and although it includes the extra cost of interest, it allows a public agency to theoretically avoid over-collecting revenues (such as taxes where jurisdictions can set their own tax rates) from residents who are not yet enjoying the benefit of the asset in order collect sufficient reserves to build an asset that will also benefit future residents. Using debt allows a public agency to better align financial responsibility with benefit.

The City has at its disposal both voter-approved and non-voter-approved debt alternatives. In general, any debt that is secured directly by new taxes to pay debt service requires 2/3rds voter approval. Enterprise debt that is secured by rates or fees does not require voter approval, but any increase in fees or rates that is necessary to secure the debt generally requires a majority protest approval process, and debt secured by assessments against property requires majority protest approval. Debt that requires neither a new tax, assessment, nor rate increase do not require voter approval. The various types of debt available to the City that can be used to finance these projects is discussed in brief below. Also see Exhibit A at the end of this analysis for a table that compares the four types of debt financing alternatives using different characteristics.

- Enterprise Revenue Bonds:** An enterprise fund is self-sustaining from revenues generated by that enterprise and is not supported by the City's General Fund. The Estero Municipal Improvement District ("District") is essentially an enterprise of the City that can issue wastewater revenue bonds secured solely by ratepayer fees and not by other, non-enterprise resources. These revenue bonds are independent of the General Fund, are secured solely by the enterprise's revenues and do not require voter approval. Any increase in wastewater rates (which would be necessary to secure bonds) would require majority protest approval.
- Assessment District Bonds:** These bonds are secured by assessments on real property and can be used to finance public improvements such as roads, parks and levees where specific benefit can be demonstrated to those within the district boundaries. The amount assessed against each property is based on benefit received, and the City must pay for all benefits determined to be of a general nature. No voter approval is needed, but bonds for the project to be financed are subject to a landowner majority protest procedure. Votes are weighted by the amount of the assessment ascribed to each property.
- Mello-Roos Community Facility District/General Obligation Bonds:** Both types of bonds are also secured by real property tax payments to finance a broad variety of public infrastructure projects. Mello-Roos bonds are a more flexible form of assessment district financing, with special taxes that must be approved by 2/3rds of voters within the district if there are more than 12 registered voters. Unlike assessment districts, where the cost must be allocated based on special benefit received, the special taxes

can be levied on any reasonable basis, except *ad valorem*. G.O. bonds must also be approved by 2/3rds of voters within the City and are the most highly-rated form of bond financing because voters approve an unlimited *ad valorem* property tax on all real property within the City to secure the bonds. The tax rate is initially set at a level that pays for debt service, but adjusts downward as the City's assessed valuation ("AV") base grows (or could go up if AV drops in a severe recession). The tax rate is the same for all properties, so a property owner's tax bill is entirely dependent on the total assessed valuation of the property. The owner of a commercial property usually pays more in total dollars than a homeowner, but voter approval is based on registered voters and not landowners.

- d. **General Fund Lease Revenue Bonds:** Whereas the other types of bonds described have debt service paid by enterprise revenues or new tax or assessment payments, General Fund lease revenue bonds are paid through a lease agreement with the City's General Fund where payments must be budgeted annually from available City financial resources. A public agency should not take on future lease payment obligations unless it has room in future budgets to appropriate payments out of current revenues. Absent the provision of new revenues, the issuance of General Fund lease revenue bonds means a reduction of General Fund financial resources available for other City purposes in the amount of debt service on the lease revenue bonds for the term of the financing.

While lease revenue bonds do not require voter approval, if they are combined with a general tax increase, the general tax increase requires majority voter approval. A general tax increase (such as a transient occupancy tax, a sales tax, a utility user's tax, or a parcel tax) is one that raises new revenue for any General Fund purpose. Lease revenue bonds can also be combined with a special tax increase; however, special taxes require a two-thirds voter approval. The same types of taxes, e.g., transient occupancy tax, , sales, utility user's, or parcel, can be imposed for restricted uses, in which case they would qualify as special taxes. Some cities restrict the use of such taxes to make them more palatable to voters, who might otherwise be reluctant to extend "blank check" spending to a city council.

## Analysis

City staff and the City's municipal advisors have been working for some time on how the City will pay for its share of the WWTP capital improvement program and for the City-wide levee improvements, as separate capital projects. The current plan of finance for those two projects is described below, followed by options for the Recreation Center.

**WWTP:** The City is planning to issue wastewater revenue bonds to finance its share of WWTP capital costs and has already established a joint powers financing authority with the City of San Mateo to potentially issue such debt. These bonds would be secured solely by revenues collected from the City's wastewater ratepayers, based on predominately fixed charges and multi-year rate increases, and the two cities' respective debt burdens would be separate and distinct. Using General Fund and Capital Preservation Fund reserves to pay for WWTP costs would not be recommended in this case, given that there is a ratepayer structure in place to

have users pay for WWTP improvements over time. Wastewater enterprise reserves, in conjunction with wastewater enterprise debt, would be used to finance WWTP capital costs. Wastewater rate increases necessary to pay for bond debt service will be subject to majority protest procedures.

Public utility projects are well suited to debt financing with repayment from direct users of the project because use and benefit can be directly tied. Using the City's General Fund to finance or cash-fund the WWTP would be technically possible, but the competing demands of the levee improvements and the recreation project, neither of which has a ready source of revenues to pay debt service, on the General Fund and the Capital Preservation Fund, make it compelling to use only wastewater enterprise cash balances and wastewater enterprise revenue bonds for WWTP capital projects. To the greatest extent possible, the City will use low-cost loans issued by the State Water Resources Control Board via its Clean Water State Revolving Fund ("SRF") program in place of wastewater revenue bonds to finance WWTP costs. Like wastewater revenue bonds, SRF loans would be secured solely by ratepayer fees. However, access to the SRF program is not guaranteed and it is recommended that wastewater rates be established high enough to allow the financing of WWTP costs solely through more expensive wastewater revenue bonds.

**Levee Improvements:** City staff and consultants are currently evaluating the use of either assessment bonds or G.O. bonds to finance levee improvements. General Fund lease revenue bonds could technically be used for levee improvements, but the other forms of financing are property-related and levee improvements can be directly beneficial to the property being assessed or taxed to pay the related debt service. So General Fund lease revenue bonds are not under consideration for levee improvements because of there are financing alternatives available that would not burden the General Fund.

G.O. bonds would be the most cost-efficient form of financing for a City-wide capital improvement of this type because they are the most secure and highly-rated form of municipal bond financing, based on an unlimited authority to levy an ad valorem property tax on all AV in the City. The higher the bond rating, the lower the interest rate, and therefore the lower the cost of debt service. Absent construction of the levee improvements, the entire City will be placed in a FEMA high risk flood zone, which will require any lender that is federally regulated or insured to require flood insurance on mortgages that it issues. The cost of such insurance in a high risk area could run into the thousands of dollars. Because the levee improvements will remove the City from the FEMA high risk flood zone, it will provide homeowners considerable savings if they are not required to pay high risk zone rates on flood insurance premiums and this should help to garner the 2/3rds voter approval needed to issue G.O. bonds. To enhance the argument in favor of issuing bonds for this project, it may be prudent for the City to apply some cash reserves to pay for public properties that will benefit by these improvements, but the levee project is an ideal candidate for G.O. bond financing because of the project's essentiality and high potential for voter approval. This is a situation where the application of City reserves would lower the burden to the individual taxpayer, but the impact would be relatively marginal in dollar terms.

For example, assume the City issues \$75 million of G.O. bonds with a final maturity of 30 years at current



interest rates plus a cushion to be conservative<sup>1</sup>, with annual debt service sloping upwards at a rate of 2% to match the same assumed growth rate for the City's total AV to keep the projected tax levy as level as possible (the City's actual annual growth rate for the last 10 years through FY15-16 is 4.6%). The annual tax levy for this bond issue given these assumptions would be about \$40 per \$100,000 AV, while a homeowner's tax bill would be based on that owner's actual taxable AV (for example, a home with a taxable assessed value of \$500,000 would see a total tax bill of \$200 for that year, given all these assumptions). This projected tax levy is a good-faith estimate that the City has to provide to voters at the election authorizing the G.O. bonds, but the ballot measure would authorize a maximum par amount of bonds to be sold and would not set a tax rate. If the bonds are issued, the City Council would be authorized to set the annual tax rate at the amount required to pay annual debt service for the next year. The tax rate could go up or down, depending upon the City's total AV.

Now assume the City Council decided to allocate \$10 million in City reserves to this project, reducing the debt need by 13.3%. The tax rate reduction would also be by 13.3%, meaning \$5.32 per \$100,000 or a reduction of \$26.60 to \$173.40 from the prior annual tax bill for \$200 if the homeowner's taxable AV was \$500,000. Halving or doubling the City reserves allocated for this project would proportionately affect the tax levy in the same way, meaning reducing the City contribution to \$5 million would reduce the tax rate by \$2.66 per \$100,000 and doubling the contribution to \$20 million would double the tax rate reduction to \$10.64 per \$100,000. The actual tax levies would not be set until the pricing of the G.O. bonds, so the \$40 per \$100,000 tax rate is approximate and subject to market risk. But the formulas just described would remain the same. The impact of allocating City reserves to a Mello-Roos or special assessment bond financing would work the same way, but the parcel tax or assessment would be calculated differently than a G.O. ad valorem tax levy.

G.O. bonds are recommended for the levee improvements rather than Mello-Roos bonds because while both require two-thirds voter approval, G.O. bonds are usually more highly-rated than Mello-Roos and therefore would be priced at a lower interest rate and have lower debt service than Mello-Roos bonds for the same purpose. Assessment district bonds don't require voter approval, but are subject to majority protest and would also be rated lower than G.O. bonds. A full rating category difference (say between "AA" and "A") could mean a difference of 38 basis points (.38%) in today's market<sup>2</sup>. For the \$75 million G.O. bond scenario

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<sup>1</sup> Current interest rates means an assumed AA-rated scale as of 2/17/17 plus a spread of 50 basis points (.50%) per maturity to account for future higher interest rates, resulting in a true interest cost of 4.22% (including the 50 basis point cushion). Costs of issuance would have to come out of bond proceeds, but for simplicity the bond sizing here is just assumed to be \$75 million.

<sup>2</sup> The Municipal Market Data ("MMD") index is a national measure of G.O. yields from 1-30 years, updated every business day. MMD is used to estimate interest rate levels in the municipal market, but the City's actual interest rates in any pricing will depend on the details of that issuance's rating and characteristics. The MMD 30-year "AA" yield on 2/17/17 was 3.37%, compared to 3.75% for the "A" yield. This is a spread (difference) of 38 basis points, or .38%. The 30-year yield is assumed to be a proxy for the entire scale, although spreads tend to be a bit narrower in the early part of the scale (first 10 years, from 2018-27. This example assumes a difference of a full rating category, between the mid-level "AA" and mid-level "A", but there are two rating "notches"

discussed earlier in this section, 38 basis points more in interest cost across the scale increases debt service by 5%, resulting in a tax levy of \$42 per \$100,000 instead of \$40.

**Recreation Center:** This project may generate some user fee revenues, but not enough to pay for any significant portion of debt service and would more appropriately be used for operating expenses. The project could be financed through the issuance of City-wide Mello-Roos Community Facility Special Tax bonds or G.O. bonds, but both financing vehicles would require 2/3rds voter approval for a project that does not have the public safety benefits or the essentiality of levee improvements project. This would indicate a lower likelihood of getting 2/3rds voter approval for either G.O. or Mello-Roos bonds. An assessment district could be drawn to support construction of a recreation center and would be subject to a majority-protest procedure rather than direct voter approval, but this would require a special benefit finding and assessments based on this special benefit – assessments cannot support a general enhancement. General benefits must be paid by the City, not by assessees, which could be done through either cash reserves upfront or General Fund lease revenue bond debt over time.

Recreation centers are typically financed by cities through the issuance of General Fund lease revenue bonds rather than the other forms of financing described earlier, because of the difficulties with getting voter approval or finding special benefit. General Fund lease revenue bonds do not require voter approval, just majority approval of the City Council, but the downside is that the City's General Fund must pay for annual debt service without any dedicated new source of revenue to pay for debt service, unlike the other forms of financing just described. Nevertheless, the City could pay cash for a portion of this project using some of the balance in its Capital Asset Preservation Fund or unassigned General Fund reserve, and use a General Fund lease for the balance. If the financing is combined with a general use tax increase to provide a new source of revenue to pay debt service, the voter approval hurdle would be lowered to only 50 percent.

Using City reserves to cash-fund all or a portion of this project would not directly impact the City's taxpayers in the form of lower taxes if new taxes or assessments are not imposed to support a debt financing (taxes would be unaffected by using cash resources), but using reserves for this purpose would deplete cash resources that might be applied to other or more essential projects.

If the City were to issue \$30 million of General Fund lease revenue bonds for the Recreation for a final maturity of 30 years<sup>3</sup>, the annual debt service would be about \$1,760,000. This means the City Council would have to annually budget \$1.76 million in the General Fund for 30 years, paying over \$52.7 million over 30 years to pay off a \$30 million Recreation Center. The debt service costs are roughly proportional if City

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between these levels ("AA-" and "A+" on S&P's scale, "Aa3" and "A1" on Moody's scale). Each rating notch would mean a proportionate pricing change and therefore difference in debt service.

<sup>3</sup> This scenario is a simplified version that assumes no issuance costs or debt service reserve fund and an average coupon of 4.11%, which is 100 basis points over the 30-year MMD yield of 3.11% as of 2/17/17. Taking into account the positive yield curve, this means a cushion of about 50 basis points over the current market.

reserves were used in place of debt: for example, using \$10 million of City reserves would mean issuing \$20 million in General Fund lease revenue bonds, reducing the annual debt service by one-third.<sup>4</sup>

## Conclusion

WTPP improvements are most appropriately financed with user charges through wastewater revenue bonds or SRF loans. The levee project is an ideal candidate for a property-based financing like G.O. bonds because of the type and scale of direct benefit to both private and public properties. While public funds may be appropriate (and even necessary) to pay for the public benefits of the levee project, a property-based bond financing technique assigns the cost of the assets directly to those who benefit in the future. G.O. bonds should have a high probability of success at the ballot, and are the most highly-rated and cost-efficient form of such financing.

The Recreation Center project is not a candidate for financing based on user charges or property, but could be funded with the proceeds of General Fund lease revenue bonds. Because this would burden the General Fund with annual debt service for the life of the bond issue, using cash reserves in place of debt would directly benefit the General Fund and therefore, indirectly, the City's taxpayers. If the City is considering using City cash reserves for any capital project, the Recreation Center should be the primary candidate.

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<sup>4</sup> Technically there are economies of scale in debt issuance and costs of issuance are relatively fixed, so downsizing the issue doesn't save exactly on a perfectly proportionate basis.

**Exhibit A: Debt Financing Alternatives**

<b>Type of Bond Financing: Most-Likely Project Application</b>	<b>Enterprise Revenue: WWTP</b>	<b>Assessment District: Levee Improvements</b>	<b>Mello-Roos and General Obligation: Levee Improvements</b>	<b>General Fund Lease Revenue: Recreation Center</b>
<b>What Can Be Financed</b>	Enterprise capital projects wastewater related to that enterprise	Public improvements such as roads, parks, levees, but not O&M and equipment.	Public infrastructure and capital projects. G.O. bonds can't pay O&M.	Public infrastructure and capital projects.
<b>Voter Approval</b>	No voter approval needed. Any increase in enterprise rates subject to majority protest approval.	No voter approval needed. Subject to majority landowner protest procedure.	Mello-Roos (M-R) with >12 voters and all G.O. bonds require 2/3rds voter approval.	No voter approval needed.
<b>Rate, Assessment, Special Tax or G.O. Levy Used to Pay Debt Service</b>	Enterprise rate increases usually required for new debt, rates paid by utility users (water, wastewater, power).	Static lien, fixed at time of issuance, assessments collected by County on tax bill, must be proportional to "special benefit"	Dynamic lien, can change, special tax just needs to be "reasonable". G.O. levy can change over time, based % of total City AV.	Can be issued with no new source of tax revenue, but then General Fund must pay debt service out of existing resources
<b>District Boundaries</b>	Enterprise service area can be larger than City, may involve outside parties.	AD must demonstrate special benefit, cannot be general enhancement.	CFD can be flexible in borders/benefits/taxes. G.O. tax is on entire City.	City General Fund is the borrower, although project can benefit subset of City.
<b>Credit Rating</b>	For essential utility can be rated just below G.O. and more attractive to buyers.	Often unrated, depends on district size and rating characteristics.	City-wide M-R can be rated almost as high as G.O., which is highest.	Usually rated one or two notches below City's G.O. bonds.
<b>Issuance Process</b>	3-4 months to complete financing, assuming rate increases already set and CIP established.	Engineering study required first, then 6-7 months for Council resolution, public hearing, 30-day challenge period, bond documents, pricing and closing.	M-R needs engineering and special tax reports, then about 9 months for same process as AD. G.O. requires same time, but after election survey work.	3-4 months to complete financing, assuming any pledged revenues already set and CIP established.
<b>Pros</b>	No voter approval required. Enterprise is self-supporting and does not rely on City General Fund for support.	No voter approval, but can be majority protest. Property owners who benefit directly pay costs. District borders can be drawn specifically. New revenue to pay bonds.	M-R special tax can be tailored, as can district boundaries. G.O. bonds are lowest-cost form of bond financing. Both provide new revenue.	No voter approval needed and not subject to Prop 218 process. Fastest issuing process compared to other options.
<b>Cons</b>	Utility rate increases usually required on multi-year basis. If variable rate (based on usage), then rate increases may not result in projected revenue increases if usage decreases.	Costs must be allocated based on special benefit received. One tax rate that applies to all. Subject to Prop 218 weighted majority protest ballot process. General benefits must be paid by City, not assessees.	City-wide M-R and G.O. bonds both need 2/3rds voter approval. One G.O. ad valorem tax rate applies City-wide, can't be tailored.	Requires City to budget annual debt service from General Fund. Unless dedicated new revenues can be used, General Fund must pay from existing resources.

# LEVEE WORK PLAN SCHEDULE

Last Updated 3/6/17

<u>Item</u>	<u>Date</u>
EIR taken to Planning Commission	Feb/March 2017
Financing Alternatives for the Project	March 27, 2017
EIR Adopted by City Council	May 2017
Approval of Vertical Height by City Council	May 2017
<ul style="list-style-type: none"> <li>Direction on mock ups to be installed along Bay Trail</li> </ul>	
Meet with Community on 60% Design, X-Sections, and Survey	June 2017
<ul style="list-style-type: none"> <li>Check in with public on design progress at 60% completion</li> </ul>	
Send out Public Survey on Financial Options	June 2017
<ul style="list-style-type: none"> <li>Optional Item if City Council desires</li> </ul>	
Landscaping and Wall treatments direction from Council	July 2017
City Council Direction on Finance Method	July 2017
Meet with Community on 85% Design and Aesthetics	August 2017
<ul style="list-style-type: none"> <li>Check in with public on design progress at 85% completion</li> </ul>	
Approval of Final Design by CC	October 2017
Ballot Measure on Financing Options	November 2017
Authorize Advertisement of Project for Construction by CC	January 2018
Permitting Completed	February 2018
Award of Contract for Construction by CC	March 2018
Commencement of Construction of Levee	April 2018
Assessment to Property Owners (if approved)	August 2018
Project Completion (approx. 2 years duration)	Summer 2020
Notice of Completion by CC	Summer 2020

## Notes

Community Meetings

Council Meetings



DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

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

SUBJECT: FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM - FY 2017-2018 TO  
FY 2021-2022

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### RECOMMENDATION

It is recommended that the City Council/Estero Municipal Improvement District (EMID) Board of Directors review the proposed Five-Year Capital Improvement Program – FY 2017-2018 to FY 2021-2022 and authorize staff to include the program in the FY 2017-2018 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 thirty-seven (37) CIP projects. Of this, included are eight (8) new CIP projects proposed for the FY 2017-2018 budget. The total budget for these eight (8) new CIP projects is \$3,685,000.

## BACKGROUND AND ANALYSIS

The proposed FY 2017-2018 to FY 2021-2022 CIP plan consists of thirty-seven (37) projects (six ongoing projects and thirty-one 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 2017-2018, eight (8) new Capital Improvement Projects have been proposed for inclusion into the CIP totaling \$3,685,000. The following chart provides a summary of those CIP projects.

NEW CAPITAL IMPROVEMENT PROJECTS FY 2017-2018		FUNDING SOURCES*	FY 2017-2018 TOTAL
1	WATER QUALITY DOSING AND TANK IMPROVEMENTS	Water CIP	\$250,000
2	STREET REHABILITATION	Measure A Measure M Gas Tax	\$1,350,000
3	TENNIS AND BASKETBALL COURTS RESURFACING	City CIP	\$275,000
4	DOG PARK REFURBISHMENT	City CIP	\$375,000
5	EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT	City CIP	\$215,000
6	PLAYGROUND ADA COMPLIANCE PROJECTS – GULL PARK	City CIP	\$550,000
7	PLAYGROUND ADA COMPLIANCE PROJECTS – MARLIN PARK	City CIP	\$550,000
8	LIBRARY WATER INTRUSION REPORTS	City CIP	\$120,000
TOTAL			\$3,685,000

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

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 2017-2018 to FY 2021-2022 document (Attachment 1).

Also provided with this report is a supplemental report on Park-in-Lieu fees (Attachment 2 & Attachment 3). 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 is expected to have a fund balance of \$14,548 as of June 30, 2017. A plan for how the funds can be used over the next five years has been

in identified in the supplemental summary.

Attachments:

- Attachment 1 - Capital Improvement Program FY 2017-2018 to FY 2021-2022
- Attachment 2 - Supplemental Report Regarding Park-In-Lieu Fee Fund
- Attachment 3 - Park-In-Lieu Fees Fund Cash Flow Projection FY 2017-2018 5-Year CIP



## ***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 2017-2018.

### Ongoing Projects:

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

This project is a continuation of the District's on-going program to assess the condition and perform repairs to the sanitary sewer collection system. Repairs are identified based on the video inspections performed by the District's Public Works Maintenance staff. 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. Funding in the amount of \$450,000 has been approved for the project.

Based on the Technical Memorandum which HydroScience has prepared, it was determined pipe segments located within easements between residential properties would need to be re-routed to the street (public right-of-way) as it is nearly impossible to do construction work between homes to remove and replace these pipes. In addition, there are pipe segments on busy streets requiring night time work, adding extra construction costs.

The design recommendations included in the Technical Memorandum suggested an additional \$1,000,000 is required to fully fund construction. It is requested that \$500,000 budgeted for 2020-2021 Sanitary Sewer System Improvements be used to supplement the funding gap. With an additional funding request of \$500,000, a combined budget of \$1,450,000 will allow design and construction of the project.

Project Timeline:

Design	In Progress
Construction	Fall 2017
Project Closeout	Spring 2018

**(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.

The bid opening was held on March 23, 2017 and the construction contract was awarded to the lowest responsible responsive bidder. The construction contract was awarded at the EMID Board meeting on April 17, 2017.

Project Timeline:

Regulatory Permit/Design	Complete
Construction	Summer 2017
Project Closeout	Winter 2019

**(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. 2016-75 adopted on October 17, 2016, approved the plans and specs and authorized the call for bids. Resolution No. 2016-74, also adopted on October 17, 2016, approved the Negative Declaration of Environmental Impact and adopted the Mitigation Monitoring Program.

The regulatory permit to perform the project has been received. The approved permit restricts construction period between September 1 and November 30, 2017. The project has an approved budget of \$1,950,000. Construction is anticipated in September 2016.

Project Timeline:

Regulatory Permitting/Design	Complete
Construction	September 2017
Project Closeout	Early 2018

**(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 2018
Project Closeout	Winter 2018

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

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 the customers.

The project includes:

- Replacement of an 18" gate valve at the intersection of Mariner's Island Blvd. & Fashion Island Blvd.;
- Replacement of a 16" butterfly valve at the NE corner of the intersection of E. Hillsdale Blvd. and Edgewater Blvd.;

- 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 of \$475,000 has been approved in the previous years. At the meeting on October 6, 2014, the EMID Board of Directors awarded the contract agreement to HydroScience Engineers, Inc. to prepare construction documents suitable for bidding. During design, additional items of work needing repairs were uncovered and included in the project:

- A leak was discovered on the 24-inch transmission pipeline near the west end of the Seal Slough Bridge. That leak was temporarily repaired but a permanent repair is necessary.
- A leak was discovered on the 8-inch water line that serves Detroit Drive. Currently, a temporary bypass piping is installed to supply water to Detroit Drive.
- A review of a closed-circuit television (CCTV) inspection video revealed damage to the cement mortar lining of the 24" pipe near the west side of Seal Slough Bridge. The repair of the lining will be included in this project.

An additional funding of \$500,000 will be required to fully fund construction of the expanded project. To minimize budgetary impact, it is requested that the future funding request of \$500,000 included in the 5-Year CIP Plan for the Water System Improvement Project (2018-2019) be re-allocated to this project. Valves included in the 2018-2019 project will be replaced by the operational crew in coming years as time permits.

It is anticipated the design will be completed by summer 2017, with construction to commence in fall 2017.

Project Timeline:

Design	Spring 2017
Construction	Fall 2017
Project closeout	Spring 2018

**(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 2018
Project Closeout	Winter 2018

**(CIP 455-652, Budget \$16,915,000) Wastewater Treatment Plant (WWTP) Master Plan Improvements (2015-2016)**

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 (EMID and San Mateo) Wastewater Treatment Plant and portions of the City of San Mateo's wastewater collection system.

October 26, 2016 concluded year 2 of the CWP, which included the following project milestones:

- In March 2016, a Notice to Proceed (NTP) was issued to the contractor, Monterey Mechanical for \$16,276,000 for construction of the WWTP Immediate Action Projects I (IAP I). Work consists of the rehabilitation of gravity thickeners, upgrades to secondary clarifiers, replacement of centrifuge hoist and new plant control system instrumentation upgrades. Construction is continuing through 2017.
- In April 2016, HDR Engineering was awarded a design contract for Phase I conceptual design of the Secondary Treatment Facilities Design. HDR was previously awarded a conceptual design contract for the Headworks and Primary Clarifiers in 2015.
- In June 2016, the Final Programmatic Environmental Impact Report (PEIR) was certified by San Mateo, adopting the in-system storage alternative and approving the WWTP Improvements Project. The Notice of Determination was filed with the State Clearinghouse in June, and the PEIR is now finalized.
- In July 2016, EMID and San Mateo authorized the San Mateo-Foster City Public Financing Authority (JPFA) to

apply for the State Water Resources Control Board's Clean Water State Revolving Fund (CWSRF) program for an amount not to exceed \$750 million (with EMID's share approximately \$88 million).

- In September 2016, a contract amendment was executed for scope and funding year three (3) of CH2M's program management advisory services for the CWP for \$14,366,405.
- In October 2016, three WWTP related studies were initiated: (1) Odor Study, (2) SCADA Master Plan, and (3) Water Reuse Evaluation Study.
- In November 2016, HDR Engineering was awarded a design contract for Phase II of the combined design of the WWTP Expansion Project (formerly the Headworks and Primary Clarifiers and the Secondary Treatment Facilities project) for \$23,820,000. Design is 30% complete.
- In January 2017, a professional services agreement was awarded to Sundt Construction to provide Construction Manager at Risk (CMAR) for Phase I - pre-construction services for the WWTP Expansion Project for \$2M. Phase I will focus on providing services during the design of the WWTP Expansion Project, including cost estimating, constructability reviews, value engineering recommendations, construction scheduling, bid packaging, and development of the Guaranteed Maximum Price (GMP) for construction of the Project. Phase I is expected to last 20 months. Phase II CMAR services will focus on the construction of the project and is estimated to be approximately \$250,000,000. Based on Sundt's performance during Phase I, and pending mutual agreement on the GMP, a new contract for Phase II would be brought forward for approval in late 2018.

Year 3 of the CWP began October 27, 2016. It will continue to focus on the execution of major improvements including:

- Completing Detroit Drive and WWTP site preparation.
- Providing detailed design for the WWTP Expansion Project 60-90% design.
- Coordinating with Sundt (CMAR contractor), HDR (WWTP Designer), and Cities' Staff.
- Submitting State Revolving Funds (SRF) loan package, and determining revenue requirements.
- Providing WWTP Odor Control, SCADA, and Water Reuse Studies.

Staff and legal Counsel from EMID and the City of San Mateo have been in negotiations to discuss revisions to the current JPA to define each Agency's capacity share of the plant and incorporate provisions for the administration of the WWTP Expansion Project Improvements Project into the Agreement. A draft amended Agreement will be brought forward to each members' respective Councils/Boards in Spring of 2017.

Erlar & Kalinowski, Inc. is continuing to provide technical support services for EMID. Foster City's share of the CWP is estimated at \$119 million dollars over the life of the 10-year project.

#### Project Timeline:

Construction of IAP Projects	2016-2017
Submit SRF Loan Applications	2017
Permits/Site Prep	2017
Design	2017-2018
Construction of WWTP Expansion begins	2018
Commission WWTP/Recycled Water	2022
CWP Completion	2026

**(CIP 301-654, Budget \$75,000) Lagoon Intake Gate Replacement (2015-2016)**

There are three (3) lagoon intake gates that are used to control the bay waters entering into Foster City's Lagoon. Currently, one (1) gate is 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) originally scheduled for construction in the summer of 2016 was delayed due to environmental review. The project is now approved and scheduled for construction in August 2017. 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 intake gates will be replaced shortly after the dredging project is complete.

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	Fall 2017
Project Closeout	Early 2018

**(CIP 301-655, Budget \$925,000) Lawn Conversion and Bocce Court Expansion (2015-2016) – (On-Hold)**

This project is postponed until completion of RECREATION CENTER MASTER PLAN STUDY.

**(CIP 301-656, Budget \$320,000) Park Infrastructure Improvements (2015-2016)**

**1. Boardwalk Refinishing and Resealing (Budget \$45,000.)**

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

**2. Lawn Conversions (Budget \$250,000)**

Staff 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. The scope of work for these projects includes any combination of the following components:

- Sod removal and Synthetic Turf, or -
- Irrigation modifications
- Soil amendment
- Drought tolerant planting
- Mulching

Selected lawn conversions include:

- Library – Phase I completed Fall 2016
- Catamaran - Completed Spring 2017
- City Hall - 2017

**3. Park Pathway Renovations (Budget \$330,000)-Combined with Public Works Project (CIP 301-653)**

The scope of work for this job included 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.

This included pathways at:

- Boothbay Park
- Constitution Walkway

- Killdeer Park
- Edgewater Park
- Sea Cloud Park

This portion of the CIP was completed and closed out by Public Works under CIP 301-653.

#### 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 were in dis-repair and needed replacing. This project included demo and replacement of old roofs, skylights, and new vent flashings. This project is completed and closed out.

#### **(CIP 301-657, Budget \$4,077,465) 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. When the new flood insurance rate map becomes effective, 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. 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.

Resolution No. 2016-17 dated October 17, 2017 awarded the contract to Schaaf & Wheeler Consulting Engineers in an amount not-to-exceed \$2,324,286 to provide professional consulting services including engineering design and environmental regulatory permitting services. Additional funding request of \$2-million dollars each in FY 2017-2018 and FY 2018-19 are included in the 5-Year

CIP plan to allow for continuation of the engineering design work and provide 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.

#### Project Timeline:

Design/Regulatory Permitting	FY 2016-2018
Construction	FY 2018-2020
Project Closeout	FY 2021

#### **(CIP 301-658, Budget \$626,175) Traffic Improvements @ Lincoln Center Drive and 3<sup>RD</sup> 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, design is nearly complete by the consultant, Traffic Patterns, LLC. The design details have been submitted to PG&E along with the new service application. As soon as the PG&E

service is set-up (anticipated in Spring 2017), the project will be ready to bid.

Project Timeline:

Design	Spring 2017
Construction	Summer 2017
Project Closeout	Fall 2017

**(CIP 301-659, Budget \$3,475,000) Soccer Fields S1, S2, and Baseball Field B1 Synthetic Turf Installation at Sea Cloud Park & Synthetic turf Installation at Catamaran Park (2016-2017)**

**1. Soccer Fields S1, S2, and Baseball Field B1 Synthetic Turf Installation at Sea Cloud Park (Budget \$3,275,000)**

Soccer fields S1, S2, and Baseball field B1 are used heavily by Foster City youth sports groups.

The installation of synthetic turf on the baseball infield and grass outfield and soccer areas will minimize maintenance on the field 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 Timeline:

Design	July 2016 – March 2017
Construction	June 2017 – October 2017
Project Close-out	December 2017

**2. Catamaran Synthetic Turf Replacement (Budget \$200,000)**

The synthetic turf at Catamaran soccer-field was deteriorating and was replaced under pro-rated warranty with substantial cost-savings of approximately \$450,000. This warranty work will include:

- New top of the line, state of the art Field Turf product
- Adjustments and repairs to Brock and drainage corrections.
- 12 Year Life-span
- 8 Year Warranty

This project was completed in September, 2016.

**(CIP 405-660, Budget \$50,000) Remove and Recoat Water Tanks 1, 2 and 3 (2016-2017)**

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 and repainted. 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.

Preliminary review by an inspection firm revealed that the coating on all three (3) steel tanks is beginning to show signs of failure and localized corrosion. The tanks being adjacent to the bay have contributed to the deterioration. This failure requires that the coating be refurbished and/or replaced based on further evaluation.

Funding in the amount of \$50,000 is approved in the FY 2016-2017 budget for design and a budget request of \$2,500,000 is included in FY 2018-2019 as part of the 5-Year CIP plan.

Project Timeline:

Request for Proposal	FY 2017-2018
Design	FY 2018-2019
Construction	FY 2019-2020



**(CIP 301–661, Budget \$750,000) Sanitary Sewer Force Main Rehabilitation (2016-2017)**

This project is part of the District's continuing program to maintain the sanitary sewer collection system. The project includes the rehabilitation or replacement of the 12-inch force main that runs along the northbound lanes of Edgewater Boulevard from Beach Park Boulevard to Regulus Street. This 12-inch force main receives wastewater from Neighborhood Nos. 7 and 8 (Lift Station Nos. 33 and 34) and was constructed approximately 40 years ago. This sewer line has been repaired four times in the last 10 years and is in need of a permanent repair or replacement. Due to the highly corrosive soil, the fittings at the pipe joints have deteriorated. Furthermore, as wastewater releases corrosive hydrogen sulfide gas, the internal pipe surface has also eroded.

On their meeting of November 21, 2016, the EMID Board of Directors approved Resolution No. 3363 authorizing the issuance of a Request for Proposal (RFP) for professional engineering services. The RFP was issued and staff is currently in the process of selecting a design consultant.

This project is intended to permanently fix the sewer force main prior to the Edgewater Boulevard street overlay project scheduled to begin in FY 2019-2020.

Project Timeline:

Project Design	Winter 2017
Construction	FY 2018-2019
Project Closeout	Winter 2019

**(CIP 455-662, Budget \$250,000) Wastewater Collection System Master Plan Study (2016-2017)**

The District's wastewater collection infrastructure system was constructed in the 1960s. In 1993, Harris Consultants, Inc. completed the Sewer Force Main Master Plan and Inspection

Program report for the district. The District currently has an active CIP to replace/rehabilitate/improve the wastewater gravity sewer lines, force mains, and lift stations. By incorporating a comprehensive Wastewater Collection System Master Plan, it will enable the District to strategize future planning and budgeting efforts in order to maintain collection reliability and efficiency under current demands and future growth.

The scope of work of the master plan study is to evaluate the system-wide flow characteristics, assess existing hydraulic capacity of the collection system, evaluate pipeline and lift station conditions and potential replacement and/or rehabilitation needs, and create a prioritized long-range 20-year CIP plan and funding approach to allow a sustainable level of service to the District's ratepayers.

Project Timeline:

Request for Proposal	Winter 2016
Award Consultant	Spring 2017

**(CIP 301–663, Budget \$1,350,000) Street Rehabilitation (2016-2017)**

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 ADA ramp retrofit, 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 2017 followed by construction in Summer 2017.

Project Timeline:

Project Design – In-house	In Progress
Construction	Summer 2017
Project Closeout	Winter 2017

**(CIP 301-664, Budget \$325,000) Bicycle, Pedestrian, and Intersection Evaluation Study (2016-2017)**

The Bicycle, Pedestrian, and Intersection Evaluation 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. The Study will be divided into two phases:

- Phase I will focus on Safe Routes to School Assessment, Bicycle Network Assessment, Traffic Signal Network Assessment, and Evaluation of Citizens Requests.
- Phase II will focus on Arterial Traffic Operations.

On August 1, 2016, the City Council approved the scope of work for Phase I of the project, as well as the implementation of Bike Sharrows symbols/legends as street pavements are being rehabilitated. It was recommended that Phase II of the project be postponed until the private development projects, which are currently in construction or entitled, have been completed when traffic conditions are fully realized.

The City Council awarded the consultant agreement to Traffic Patterns, LLC at the meeting on December 19, 2016 to provide traffic engineering and transportation planning services for Phase I of the project. It is anticipated that Phase I of the study will be completed by Spring 2017.

Project Timeline:

Phase I	Spring 2017
Phase II	TBD

**(CIP 301-665, Budget \$140,000) Sidewalk Installation Adjacent to Bridgeview Park Entrance (2016-2017)**

This project includes construction of new 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 entrance/driveway, connecting the existing sidewalks at the Animal cove Pet Hospital to the west (460 feet) and the bay trail to the east (640 feet). This will allow safe travel for the public along Beach Park Boulevard to get to Bridgeview Park.

Staff has completed preparation of plans and specifications for the project. Advertisement for the construction is anticipated in Spring 2017 followed by construction in Summer 2017.

Project Timeline:

Design	Completed
Construction	Summer 2017
Project Closeout	Winter 2017

**(CIP 301-666, Budget \$180,000) Rehabilitation of Crosswalk Pavers on Chess Drive (2016-2017)**

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 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-striped 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.

Project Timeline:

Project Design	FY 2016-2017
Construction	Summer 2017
Project Closeout	Winter 2017

**(CIP 301-667, Budget \$25,000) Road Improvements at Metro Center Blvd. and SR-92 On-Ramp (2016-2017)**

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 the mitigation measure TRANS-2 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.

Funding in the amount of \$25,000 has been approved for the preliminary design of the project. A concept plan line study has been completed by Traffic Patterns, LLC. with a preliminary cost estimate that will be presented to BioMed for its share of contribution to fund the roadway improvements.

Project Timeline:

Detailed Design	FY 2017-2018
Construction	FY 2018-2019

**(CIP 405-668, Budget \$250,000) Water Distribution System Master Plan Study (2016-2017)**

The District's water distribution infrastructure was constructed in the early 1960s. The District currently has an active CIP to replace water valves, water meters, and water pumps. By incorporating a comprehensive Water Distribution Master Plan, it will enable the District to strategize future planning and budgeting efforts in order to maintain distribution reliability and efficiency under current demands, future growth, and emergencies.

The scope of work of the master plan study is to document existing facilities and infrastructure, identify deficiencies, develop efficient maintenance and operational procedures, and prepare a long-range 20-year CIP plan and funding approach to allow a sustainable level of service.

Project Timeline

Request for Proposal	Winter 2016
Award Consultant	Spring 2017

**(CIP 301-669, Budget \$240,757) Corporation Yard Facility Improvements (2016-2017)**

This project includes three elements: (1) Refurbishing the Men's Locker Room, Shower Room and Bathroom to replace aging and failing infrastructure and bring the facility into ADA and Title 24 energy efficiency compliance. (2) Replacing the roof of the training room and workshop building. (3) Refinishing the Corporation Yard gates.

In November 2016, National Analytics Laboratory conducted Lead, Asbestos and Mold testing in preparation for development of the bid package. In December, 2016, a contract in the amount of \$29,500 was awarded to DGA Architects to create the construction drawings for the Men's Locker Room, Shower Room and Bathroom. Plans and Specifications will be brought to the City Council in Spring 2017 with award of contract expected in April/May. Construction should commence toward the end of the FY 2016-2017 Fiscal Year and continue into the first part of FY 2017-2018.

Funding in the amount of \$240,757 was approved for a portion of the project in FY 2016-2017. Additional funding in the amount of \$325,245 is included for funding in FY 2017-2018.

Project Timeline:

Locker/Shower/Bathroom Construction	In Progress
Gates/Roof Construction	FY 2017-2018
Project closeout	December 2018

#### Projects Completed but Not Yet Closed in FY 2016-2017

##### **(CIP 405-651, Budget \$964,295) Two Natural Gas Powered Engines and Pumps Replacement (2013-2014)**

The engines were installed in early 2016 and currently awaiting a permit from the Bay Area Air Quality Management District to allow the engines to be used full time rather than “emergency use” only. This would allow for flexibility and increased reliability.

#### Projects Completed and Closed Out in FY 2016-2017:

- (CIP 301-621, Budget \$2,165,000) Vintage Park Overcrossing Project (2011-2012)
- (CIP 455-645, Budget \$463,000) Lift Station 59 Effluent Line Improvements (2014-2015)
- (CIP 301 – 648, Budget \$170,000) Wooden Dock and Concrete Deck Adjacent to Edgewater Place (2014-2015)
- (CIP 301-650, Budget \$628,354) Parks Infrastructure Improvements
- (CIP 301–653, Budget \$2,107,670) Street Rehabilitation (2015-2016)
- (Portion of CIP 301-656, Budget \$65,000) Parks Infrastructure Improvements, Boardwalk Refinishing and Resealing
- (Portion of CIP 301-656, Budget \$25,000) Parks Infrastructure Improvements, Restroom Roof Replacements

**FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2017-18 TO 2021-22)**

Category	NO.	PROJECT NAME	Funding Source*	TOTAL - Not Including Prior Years	2017-18	2018-19	2019-20	2020-21	2021-22
<b>WATER PROJECTS</b>									
A	W-1	(CIP 636) WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)	CW	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
B	W-2	(CIP 660) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	CW	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -
A	W-3	(NEW CIP) WATER QUALITY DOSING AND TANK IMPROVMENTS (2017-2018)	CW	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -
B	W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	CW	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -
B	W-5	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	CW	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -
<b>TOTAL WATER PROJECTS</b>				<b>5</b>	<b>\$ 3,650,000</b>	<b>\$ 750,000</b>	<b>\$ 2,900,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>WASTEWATER PROJECTS</b>									
A	WW-1	(CIP 611) SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)	CWW	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
A	WW-2	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	BF/SRF	\$ 104,505,649	\$ 12,345,628	\$ 16,165,083	\$ 32,725,346	\$ 31,338,708	\$ 11,930,884
A	WW-3	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2020-2021)	CWW	\$ 6,000,000	\$ -	\$ -	\$ -	\$ 600,000	\$ 5,400,000
<b>TOTAL WASTEWATER COLLECTION SYSTEM PROJECTS</b>				<b>3</b>	<b>\$ 111,505,649</b>	<b>\$ 13,345,628</b>	<b>\$ 16,165,083</b>	<b>\$ 32,725,346</b>	<b>\$ 31,938,708</b>
<b>STREETS/TRAFFIC PROJECTS</b>									
A	ST-1	(NEW CIP) STREET REHABILITATION (2017-2018)	MA/MM/GT	\$ 1,350,000	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -
A	ST-2	(NEW CIP) STREET REHABILITATION (2018-2019)	MA/MM/GT	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -
A	ST-3	(NEW CIP) STREET REHABILITATION (2019-2020)	MA/MM/GT	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -
A	ST-4	(NEW CIP) STREET REHABILITATION (2020-2021)	GT/MM	\$ 1,350,000	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -
A	ST-5	(NEW CIP) STREET REHABILITATION (2021-2022)	CC/MA/MM/GT	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000
<b>TOTAL STREETS/TRAFFIC PROJECTS</b>				<b>5</b>	<b>\$ 6,750,000</b>	<b>\$ 1,350,000</b>	<b>\$ 1,350,000</b>	<b>\$ 1,350,000</b>	<b>\$ 1,350,000</b>
<b>STORMWATER/LAGOON PROJECTS</b>									
B	SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	CC	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -
B	SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2021-2022)	CC	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
<b>TOTAL STORMWATER/LAGOON PROJECTS</b>				<b>2</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ 250,000</b>
<b>PARKS PROJECTS</b>									
C	P-01	(NEW CIP) TENNIS AND BASKETBALL COURTS RESURFACING (2017-2018)	CC	\$ 275,000	\$ 275,000	\$ -	\$ -	\$ -	\$ -
C	P-02	(NEW CIP) DOG PARK REFURBISHMENT (2017-2018)	CC	\$ 375,000	\$ 375,000	\$ -	\$ -	\$ -	\$ -
B	P-03	(NEW CIP) EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT (2017-2018)	CC	\$ 215,000	\$ 215,000	\$ -	\$ -	\$ -	\$ -
C	P-04	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - GULL PARK (2017-2018)	CC	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -
C	P-05	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - MARLIN PARK (2017-2018)	CC	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -
C	P-06	(NEW CIP) PARK MONUMENT SIGNS – PHASE II (2018-2019)	CC	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -	\$ -
C	P-07	(NEW CIP) BOOTHBAY PARK FAMILY PLAYGROUND (2018-2019)	CC/PIL	\$ 1,390,000	\$ -	\$ 1,390,000	\$ -	\$ -	\$ -
A	P-08	(NEW CIP) PARKS SYSTEM MASTER PLAN STUDY (2018-2019)	CC	\$ 257,500	\$ -	\$ 257,500	\$ -	\$ -	\$ -
C	P-09	(NEW CIP) SYNTHETIC SURFACE REPLACEMENTS (2019-2020)	CC	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ -	\$ -
C	P-10	(NEW CIP) PLAYGROUNDS ADA COMPLIANCE (2019-2020)	CC	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ -	\$ -
C	P-11	(NEW CIP) POMPANO PARK RENOVATION (2020-2021)	CC/PIL	\$ 565,000	\$ -	\$ -	\$ -	\$ 565,000	\$ -
C	P-12	(NEW CIP) ARCTURUS PARK RENOVATION (2020-2021)	CC	\$ 625,000	\$ -	\$ -	\$ -	\$ 625,000	\$ -
C	P-13	(NEW CIP) TENNIS COURTS RESURFACING (2020-2021)	CC	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000	\$ -
C	P-14	(NEW CIP) BOARDWALK RE-FINISHING AND RE-SEALING (2021-2022)	CC	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
C	P-15	(NEW CIP) KILLDEER PARK RENOVATION (2021-2022)	CC	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000
C	P-16	(NEW CIP) PARKING LOT RESURFACING (2021-2022)	CC	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000
C	P-17	(NEW CIP) PARK PATHWAY RESURFACING (2021-2022)	CC	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 550,000
<b>TOTAL PARKS PROJECTS</b>				<b>17</b>	<b>\$ 9,982,500</b>	<b>\$ 1,965,000</b>	<b>\$ 1,777,500</b>	<b>\$ 1,150,000</b>	<b>\$ 3,700,000</b>
<b>LEVEE PROJECTS</b>									
A	L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	BF	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -
<b>TOTAL LEVEE PROJECTS</b>				<b>1</b>	<b>\$ 4,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BUILDING PROJECTS</b>									
B	B-1	(CIP 669) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	CC/CW/CWW	\$ 325,245	\$ 325,245	\$ -	\$ -	\$ -	\$ -
A	B-2	( NEW CIP) LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)	CC	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -	\$ -
A	B-3	( NEW CIP) CITY FACILITY PAINT (2019-2020)	BMF/CC	\$ 310,000	\$ -	\$ -	\$ 310,000	\$ -	\$ -
A	B-4	( NEW CIP) POLICE STATION HVAC (2019-2020)	BMF/CC	\$ 90,000	\$ -	\$ -	\$ 90,000	\$ -	\$ -
<b>TOTAL BUILDING PROJECTS</b>				<b>4</b>	<b>\$ 845,245</b>	<b>\$ 445,245</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ -</b>
<b>GRAND TOTAL</b>				<b>37</b>	<b>\$ 137,133,394</b>	<b>\$ 19,855,873</b>	<b>\$ 24,342,583</b>	<b>\$ 35,625,346</b>	<b>\$ 34,678,708</b>
<b>GRAND TOTAL</b>				<b>37</b>	<b>\$ 137,133,394</b>	<b>\$ 19,855,873</b>	<b>\$ 24,342,583</b>	<b>\$ 35,625,346</b>	<b>\$ 34,678,708</b>

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

**TABLE A**  
**FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2017-18 TO 2021-22)**

<b>Project No.</b>	<b>PROJECT DESCRIPTION</b>	<b>TOTAL</b>
<b>CATEGORY A PROJECTS</b>		
W-1	(CIP 636) WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)	\$ 500,000
W-3	(NEW CIP) WATER QUALITY DOSING AND TANK IMPROVMENTS (2017-2018)	\$ 250,000
WW-1	(CIP 611) SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)	\$ 1,000,000
WW-2	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	\$ 104,505,649
WW-3	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2020-2021)	\$ 6,000,000
ST-1	(NEW CIP) STREET REHABILITATION (2017-2018)	\$ 1,350,000
ST-2	(NEW CIP) STREET REHABILITATION (2018-2019)	\$ 1,350,000
ST-3	(NEW CIP) STREET REHABILITATION (2019-2020)	\$ 1,350,000
ST-4	(NEW CIP) STREET REHABILITATION (2020-2021)	\$ 1,350,000
ST-5	(NEW CIP) STREET REHABILITATION (2021-2022)	\$ 1,350,000
P-08	(NEW CIP) PARKS SYSTEM MASTER PLAN STUDY (2018-2019)	\$ 257,500
L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	\$ 4,000,000
B-2	( NEW CIP) LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)	\$ 120,000
B-3	( NEW CIP) CITY FACILITY PAINT (2019-2020)	\$ 310,000
B-4	( NEW CIP) POLICE STATION HVAC (2019-2020)	\$ 90,000
<b>Subtotal for Category A Projects</b>		<b>\$123,783,149</b>
<b>CATEGORY B PROJECTS</b>		
W-2	(CIP 660) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	\$ 2,500,000
W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	\$ 100,000
W-5	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	\$ 300,000
SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	\$ 150,000
SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2021-2022)	\$ 250,000
P-03	(NEW CIP) EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT (2017-2018)	\$ 215,000
B-1	(CIP 669) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	\$ 325,245
<b>Subtotal for Category B Projects</b>		<b>\$3,840,245</b>
<b>CATEGORY C PROJECTS</b>		
P-01	(NEW CIP) TENNIS AND BASKETBALL COURTS RESURFACING (2017-2018)	\$ 275,000
P-02	(NEW CIP) DOG PARK REFURBISHMENT (2017-2018)	\$ 375,000
P-04	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - GULL PARK (2017-2018)	\$ 550,000
P-05	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - MARLIN PARK (2017-2018)	\$ 550,000
P-06	(NEW CIP) PARK MONUMENT SIGNS – PHASE II (2018-2019)	\$ 130,000
P-07	(NEW CIP) BOOTHBAY PARK FAMILY PLAYGROUND (2018-2019)	\$ 1,390,000
P-09	(NEW CIP) SYNTHETIC SURFACE REPLACEMENTS (2019-2020)	\$ 800,000
P-10	(NEW CIP) PLAYGROUNDS ADA COMPLIANCE (2019-2020)	\$ 350,000
P-11	(NEW CIP) POMPANO PARK RENOVATION (2020-2021)	\$ 565,000
P-12	(NEW CIP) ARCTURUS PARK RENOVATION (2020-2021)	\$ 625,000
P-13	(NEW CIP) TENNIS COURTS RESURFACING (2020-2021)	\$ 200,000
P-14	(NEW CIP) BOARDWALK RE-FINISHING AND RE-SEALING (2021-2022)	\$ 50,000
P-15	(NEW CIP) KILLDEER PARK RENOVATION (2021-2022)	\$ 2,500,000
P-16	(NEW CIP) PARKING LOT RESURFACING (2021-2022)	\$ 600,000
P-17	(NEW CIP) PARK PATHWAY RESURFACING (2021-2022)	\$ 550,000
<b>Subtotal for Category C Projects</b>		<b>\$9,510,000</b>
<b>GRAND TOTAL</b>		<b>\$137,133,394</b>

**TABLE B  
FIVE YEAR CAPITAL IMPROVEMENT PROJECT PLAN (FISCAL YEAR 2017-18 TO 2021-22)**

No.	DESCRIPTION	Building Maintenance Fund	CIP City (Fund 301)	Bond Financing (5)	Capital Asset Acquisition & Replacement (Fund 304)	Developer Deposits (4)	Foster City Foundation	Measure A (Fund 102)	Gas Tax (2103)	Measure M (Fund 105)	Park-In-Lieu Fees (Fund 104)	Bond Financing/SRF (6)	Water Capital Investment (Fund 405)	Wastewater Capital Investment Fund 455)	TOTAL	No.
	Funds Available for CIP Projects (1)		\$ 1,681,470		\$ 36,673,717	\$ 2,586,884		\$ 853,958	\$ 1,108,086		\$ 14,648		\$ 4,998,797	\$ 4,823,841	\$ 52,741,401	
	Long-Term CIP Funding Program (2)		\$ 7,800,000										\$ 1,025,000	\$ 3,900,000	\$ 12,725,000	
	Revenue Projections (3)	\$ 87,500	\$ 8,577,215		\$ 7,537,800			\$ 3,464,400	\$ 714,500	\$ 562,800	\$ 749,900				\$ 21,694,115	
	Fund Transfers (4)														\$ -	
	Other Sources			\$ 4,000,000								\$ 104,505,649			\$ 108,505,649	
	Total Available	\$ 87,500	\$ 18,058,685	\$ 4,000,000	\$ 44,211,517	\$ 2,586,884	\$ -	\$ 4,318,358	\$ 1,822,586	\$ 562,800	\$ 764,548	\$ 104,505,649	\$ 6,023,797	\$ 8,723,841	\$ 195,666,165	
	CATEGORY A PROJECTS															
W-1	(CIP 636) WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)												\$ 500,000		\$ 500,000	W-1
W-3	(NEW CIP) WATER QUALITY DOSING AND TANK IMPROVMENTS (2017-2018)												\$ 250,000		\$ 250,000	W-3
WW-1	(CIP 611) SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)													\$ 1,000,000	\$ 1,000,000	WW-1
WW-2	(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)											\$ 104,505,649			\$ 104,505,649	WW-2
WW-3	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2020-2021)													\$ 6,000,000	\$ 6,000,000	WW-3
ST-1	(NEW CIP) STREET REHABILITATION (2017-2018)							\$ 1,167,600	\$ 76,400	\$ 106,000					\$ 1,350,000	ST-1
ST-2	(NEW CIP) STREET REHABILITATION (2018-2019)							\$ 1,164,000	\$ 77,900	\$ 108,100					\$ 1,350,000	ST-2
ST-3	(NEW CIP) STREET REHABILITATION (2019-2020)							\$ 1,103,057	\$ 136,643	\$ 110,300					\$ 1,350,000	ST-3
ST-4	(NEW CIP) STREET REHABILITATION (2020-2021)								\$ 1,237,500	\$ 112,500					\$ 1,350,000	ST-4
ST-5	(NEW CIP) STREET REHABILITATION (2021-2022)		\$ 60,000					\$ 880,000	\$ 290,000	\$ 120,000					\$ 1,350,000	ST-5
P-08	(NEW CIP) PARKS SYSTEM MASTER PLAN STUDY (2018-2019)		\$ 257,500												\$ 257,500	P-08
L-1	(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)			\$ 4,000,000											\$ 4,000,000	L-1
B-2	(NEW CIP) LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)		\$ 120,000												\$ 120,000	B-2
B-3	(NEW CIP) CITY FACILITY PAINT (2019-2020)	\$ 28,000	\$ 282,000												\$ 310,000	B-3
B-4	(NEW CIP) POLICE STATION HVAC (2019-2020)	\$ 59,500	\$ 30,500												\$ 90,000	B-4
	SUB TOTAL OF CATEGORY A PROJECTS	\$ 87,500	\$ 750,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,314,657	\$ 1,818,443	\$ 556,900	\$ -	\$ 104,505,649	\$ 750,000	\$ 7,000,000	\$ 123,783,149	
	FUNDS AVAIL. (LESS CATEGORY A PROJECTS)	\$ -	\$ 17,308,685	\$ -	\$ 44,211,517	\$ 2,586,884	\$ -	\$ 3,701	\$ 4,143	\$ 5,900	\$ 764,548	\$ -	\$ 5,273,797	\$ 1,723,841	\$ 71,883,016	
	CATEGORY B PROJECTS															
W-2	(CIP 660) REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)												\$ 2,500,000		\$ 2,500,000	W-2
W-4	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)												\$ 100,000		\$ 100,000	W-4
W-5	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)												\$ 300,000		\$ 300,000	W-5
SW-1	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)		\$ 150,000												\$ 150,000	SW-1
SW-2	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2021-2022)		\$ 250,000												\$ 250,000	SW-2
P-03	(NEW CIP) EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT (2017-2018)		\$ 215,000												\$ 215,000	P-03
B-1	(CIP 669) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)		\$ 108,415										\$ 108,415	\$ 108,415	\$ 325,245	B-1
	SUB TOTAL OF CATEGORY B PROJECTS	\$ -	\$ 723,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,008,415	\$ 108,415	\$ 3,840,245	
	FUNDS AVAIL. (LESS CATEGORY A AND B PROJECTS)	\$ -	\$ 16,585,270	\$ -	\$ 44,211,517	\$ 2,586,884	\$ -	\$ 3,701	\$ 4,143	\$ 5,900	\$ 764,548	\$ -	\$ 2,265,382	\$ 1,615,426	\$ 68,042,771	
	CATEGORY C PROJECTS															
P-01	(NEW CIP) TENNIS AND BASKETBALL COURTS RESURFACING (2017-2018)		\$ 275,000												\$ 275,000	P-01
P-02	(NEW CIP) DOG PARK REFURBISHMENT (2017-2018)		\$ 375,000												\$ 375,000	P-02
P-04	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - GULL PARK (2017-2018)		\$ 550,000												\$ 550,000	P-04
P-05	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - MARLIN PARK (2017-2018)		\$ 550,000												\$ 550,000	P-05
P-06	(NEW CIP) PARK MONUMENT SIGNS – PHASE II (2018-2019)		\$ 130,000												\$ 130,000	P-06
P-07	(NEW CIP) BOOTHBAY PARK FAMILY PLAYGROUND (2018-2019)		\$ 740,000								\$ 650,000				\$ 1,390,000	P-07
P-09	(NEW CIP) SYNTHETIC SURFACE REPLACEMENTS (2019-2020)		\$ 800,000												\$ 800,000	P-09
P-10	(NEW CIP) PLAYGROUNDS ADA COMPLIANCE (2019-2020)		\$ 350,000												\$ 350,000	P-10
P-11	(NEW CIP) POMPANO PARK RENOVATION (2020-2021)		\$ 465,000								\$ 100,000				\$ 565,000	P-11
P-12	(NEW CIP) ARCTURUS PARK RENOVATION (2020-2021)		\$ 625,000												\$ 625,000	P-12
P-13	(NEW CIP) TENNIS COURTS RESURFACING (2020-2021)		\$ 200,000												\$ 200,000	P-13
P-14	(NEW CIP) BOARDWALK RE-FINISHING AND RE-SEALING (2021-2022)		\$ 50,000												\$ 50,000	P-14
P-15	(NEW CIP) KILLDEER PARK RENOVATION (2021-2022)		\$ 2,500,000												\$ 2,500,000	P-15
P-16	(NEW CIP) PARKING LOT RESURFACING (2021-2022)		\$ 600,000												\$ 600,000	P-16
P-17	(NEW CIP) PARK PATHWAY RESURFACING (2021-2022)		\$ 550,000												\$ 550,000	P-17
	SUB TOTAL OF CATEGORY C PROJECTS	\$ -	\$ 8,760,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ -	\$ 9,510,000	
	FUNDS AVAIL. (LESS CATEGORY A, B, AND C PROJECTS)	\$ -	\$ 7,825,270	\$ -	\$ 44,211,517	\$ 2,586,884	\$ -	\$ 3,701	\$ 4,143	\$ 5,900	\$ 14,548	\$ -	\$ 2,265,382	\$ 1,615,426	\$ 58,532,771	

- Funds Available are based upon a February 13, 2017 financial review and also include \$2.0M Emergency Reserve for CIP City, CIP Water and CIP Wastewater.
- 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.
- Revenue projections based on a preliminary projection of revenues in preparation of the 5-Year Financial Plan forecast.
- Funds represent the deposits made by the developers of the following projects: Gilead Sciences; Chess Drive Offices; Pilgrim-Triton; 15-acre site; Biomed.
- Bond Financing
- Financing instrument is with Bond Financing and/or State Revolving Fund.



**TABLE C**  
**CAPITAL IMPROVEMENT PROJECT (CIP) PLAN (FISCAL YEAR 2017-18)**

PROJECT NAME	Funding Source*	Total Project Cost	Prior Years' Funding	FY 2017-2018 Funding	City Capital Investment	Bond Financing	Developer Deposits	Measure A	Gas Tax (2103)	Measure M	Park-In-Lieu	Bond Financing/SRF	Water Capital Investment	Wastewater Capital Investment
<b>WATER PROJECTS</b>														
(CIP 636) WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)	CW	\$ 975,000	\$ 475,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -
(NEW CIP) WATER QUALITY DOSING AND TANK IMPROVEMENTS (2017-2018)	CW	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -
<b>TOTAL WATER PROJECTS</b>	<b>2</b>	<b>\$ 1,225,000</b>	<b>\$ 475,000</b>	<b>\$ 750,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 750,000</b>	<b>\$ -</b>
<b>WASTEWATER PROJECTS</b>														
(CIP 611) SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)	CWW	\$ 1,450,000	\$ 450,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
(CIP 652) WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	BF/SRF	\$ 29,260,628	\$ 16,915,000	\$ 12,345,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,345,628	\$ -	\$ -
<b>TOTAL WASTEWATER PROJECTS</b>	<b>2</b>	<b>\$ 30,710,628</b>	<b>\$ 17,365,000</b>	<b>\$ 13,345,628</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,345,628</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>
<b>STREETS/TRAFFIC PROJECTS</b>														
(NEW CIP) STREET REHABILITATION (2017-2018)	MA/MM/GT	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ 1,167,600	\$ 76,400	\$ 106,000	\$ -	\$ -	\$ -
<b>TOTAL STREETS/TRAFFIC PROJECTS</b>	<b>1</b>	<b>\$ 1,350,000</b>	<b>\$ -</b>	<b>\$ 1,350,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,167,600</b>	<b>\$ 76,400</b>	<b>\$ 106,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>STORMWATER/LAGOON PROJECTS</b>														
NONE		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL STORMWATER/LAGOON PROJECTS</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PARKS PROJECTS</b>														
(NEW CIP) TENNIS AND BASKETBALL COURTS RESURFACING (2017-2018)	CC	\$ 275,000	\$ -	\$ 275,000	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) DOG PARK REFURBISHMENT (2017-2018)	CC	\$ 375,000	\$ -	\$ 375,000	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT (2017-2018)	CC	\$ 215,000	\$ -	\$ 215,000	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - GULL PARK (2017-2018)	CC	\$ 550,000	\$ -	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - MARLIN PARK (2017-2018)	CC	\$ 550,000	\$ -	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PARKS PROJECTS</b>	<b>5</b>	<b>\$ 1,965,000</b>	<b>\$ -</b>	<b>\$ 1,965,000</b>	<b>\$ 1,965,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LEVEE PROJECTS</b>														
(CIP 657) LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	BF	\$ 6,077,465	\$ 4,077,465	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LEVEE PROJECTS</b>	<b>1</b>	<b>\$ 6,077,465</b>	<b>\$ 4,077,465</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BUILDING PROJECTS</b>														
(CIP 669) CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	CC/CW/CWW	\$ 566,002	\$ 240,757	\$ 325,245	\$ 108,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,415	\$ 108,415
(NEW CIP) LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)	CC	\$ 120,000	\$ -	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL BUILDING PROJECTS</b>	<b>2</b>	<b>\$ 686,002</b>	<b>\$ 240,757</b>	<b>\$ 445,245</b>	<b>\$ 228,415</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,415</b>	<b>\$ 108,415</b>
<b>GRAND TOTAL</b>	<b>13</b>	<b>\$ 42,014,095</b>	<b>\$ 22,158,222</b>	<b>\$ 19,855,873</b>	<b>\$ 2,193,415</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ 1,167,600</b>	<b>\$ 76,400</b>	<b>\$ 106,000</b>	<b>\$ -</b>	<b>\$ 12,345,628</b>	<b>\$ 858,415</b>	<b>\$ 1,108,415</b>

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

TABLE D ACTIVE AND PROPOSED CIP'S THROUGH FY 2021-22												
ACTIVE PROJECT	DESCRIPTION	FY AUTH	PRIOR YEARS BUDGET AND ADJUSTMENT	CURRENT YEAR BUDGET AND ADJUSTMENT (2016-2017)	TOTAL APPROVED BUDGET AND ADJUSTMENT	2017-18	2018-19	2019-20	2020-21	2021-22	ESTIMATED TOTAL PROJECT BUDGET	
455-611	SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)	10-11	\$ 450,000	\$ -	\$ 450,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,450,000	\$ 1,450,000
455-626	SANITARY SEWER LIFT STATION IMPROVEMENTS PROJECT-PHASE 5 (2012-2013)	12-13	\$ 6,075,000	\$ -	\$ 6,075,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,075,000	\$ 6,075,000
301-629	DREDGING AT THE LAGOON INTAKE STRUCTURE (2012-2013)	12-13	\$ 1,950,000	\$ -	\$ 1,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,950,000	\$ 1,950,000
301-635	MEDIAN MODIFICATIONS - FOSTER CITY BLVD AT CHESS DRIVE - MP#3 (2013-2014, 2014-2015)	13-14	\$ 345,540	\$ -	\$ 345,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,540	\$ 345,540
405-636	WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)	13-14	\$ 475,000	\$ -	\$ 475,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 975,000	\$ 975,000
301-637	ROAD IMPROVEMENTS AT FOSTER CITY BLVD AT CHESS DRIVE - MP #4, #7, #8 (2013-2014)	13-14	\$ 1,141,000	\$ -	\$ 1,141,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141,000	\$ 1,141,000
455-652	WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)	15-16	\$ 5,931,000	\$ 10,984,000	\$ 16,915,000	\$ 12,345,628	\$ 16,165,083	\$ 32,725,346	\$ 31,338,708	\$ 11,930,884	\$ 121,420,649	\$ 121,420,649
301-653	STREET REHABILITATION (2015-2016)	15-16	\$ 1,150,000	\$ 957,670	\$ 2,107,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,107,670	\$ 2,107,670
301-654	LAGOON INTAKE GATE REPLACEMENT (2015-2016)	15-16	\$ 75,000	\$ -	\$ 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	\$ 925,000
301-656	PARK INFRASTRUCTURE IMPROVEMENTS (2015-2016)	15-16	\$ 650,000	\$ (330,000)	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,000	\$ 320,000
301-657	LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT - (2015-2016)	15-16	\$ 1,577,465	\$ 2,500,000	\$ 4,077,465	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 8,077,465	\$ 8,077,465
301-658	TRAFFIC IMPROVEMENTS @ LINCOLN CENTRE DR. AND E. 3RD AVE. (2015-2016)	15-16	\$ 626,175	\$ -	\$ 626,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,175	\$ 626,175
301-659	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,475,000	\$ 3,475,000
405-660	REMOVE AND RECOAT WATER TANKS 1, 2 AND 3 (2016-2017)	16-17	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,550,000	\$ 2,550,000
455-661	SANITARY SEWER FORCE MAIN REHABILITATION (2016-2017)	16-17	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000
455-662	WASTEWATER COLLECTION SYSTEM MASTER PLAN STUDY (2016-2017)	16-17	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
301-663	STREET REHABILITATION (2016-2017)	16-17	\$ -	\$ 1,350,000	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
301-664	BICYCLE, PEDESTRIAN, AND INTERSECTION EVALUATION STUDY (2016-2017)	16-17	\$ -	\$ 325,000	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,000	\$ 325,000
301-665	SIDEWALK INSTALLATION ADJACENT TO BRIDGEVIEW PARK ENTRANCE (2016-2017)	16-17	\$ -	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000	\$ 140,000
301-666	REHABILITATION OF CROSSWALK PAVERS ON CHESS DRIVE (2016-2017)	16-17	\$ -	\$ 180,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ 180,000
301-667	ROAD IMPROVEMENTS AT METRO CENTER BOULEVARD AND SR 92 ON-RAMP (2016-2017)	16-17	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
405-668	WATER DISTRIBUTION SYSTEM MASTER PLAN STUDY (2016-2017)	16-17	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
301-669	CORPORATION YARD FACILITY IMPROVEMENTS (2016-2017)	16-17	\$ -	\$ 240,757	\$ 240,757	\$ 325,245	\$ -	\$ -	\$ -	\$ -	\$ 566,002	\$ 566,002
NEW	(NEW CIP) WATER QUALITY DOSING AND TANK IMPROVEMENTS (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
NEW	(NEW CIP) STREET REHABILITATION (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) TENNIS AND BASKETBALL COURTS RESURFACING (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000
NEW	(NEW CIP) DOG PARK REFURBISHMENT (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000
NEW	(NEW CIP) EDGEWATER PARK CONCRETE WALKWAY REPLACEMENT (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ 215,000	\$ 215,000
NEW	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - GULL PARK (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ 550,000
NEW	(NEW CIP) PLAYGROUND ADA COMPLIANCE PROJECTS - MARLIN PARK (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ 550,000
NEW	(NEW CIP) LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)	17-18	\$ -	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000
NEW	(NEW CIP) PARK MONUMENT SIGNS - PHASE II (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000	\$ 130,000
NEW	(NEW CIP) BOOTHBAY PARK FAMILY PLAYGROUND (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 1,390,000	\$ -	\$ -	\$ -	\$ 1,390,000	\$ 1,390,000
NEW	(NEW CIP) PARKS SYSTEM MASTER PLAN STUDY (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 257,500	\$ -	\$ -	\$ -	\$ 257,500	\$ 257,500
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER BOOSTER PUMP STATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT WATER TANKS 1, 2, AND 3 (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
NEW	(NEW CIP) STREET REHABILITATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)	18-19	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
NEW	(NEW CIP) CITY FACILITY PAINT (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,000	\$ -	\$ -	\$ 310,000	\$ 310,000
NEW	(NEW CIP) POLICE STATION HVAC (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ -	\$ 90,000	\$ 90,000
NEW	(NEW CIP) STREET REHABILITATION (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) SYNTHETIC SURFACE REPLACEMENTS (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ 800,000
NEW	(NEW CIP) PLAYGROUNDS ADA COMPLIANCE (2019-2020)	19-20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ 350,000
NEW	(NEW CIP) SANITARY SEWER LIFT STATION IMPROVEMENTS - PHASE 6 (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 5,400,000	\$ 6,000,000	\$ 6,000,000
NEW	(NEW CIP) STREET REHABILITATION (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) POMPAO PARK RENOVATION (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565,000	\$ -	\$ 565,000	\$ 565,000
NEW	(NEW CIP) ARCTURUS PARK RENOVATION (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,000	\$ -	\$ 625,000	\$ 625,000
NEW	(NEW CIP) TENNIS COURTS RESURFACING (2020-2021)	20-21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
NEW	(NEW CIP) STREET REHABILITATION (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000
NEW	(NEW CIP) UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000
NEW	(NEW CIP) BOARDWALK RE-FINISHING AND RE-SEALING (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
NEW	(NEW CIP) KILLDEER PARK RENOVATION (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
NEW	(NEW CIP) PARKING LOT RESURFACING (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000	\$ 600,000
NEW	(NEW CIP) PARK PATHWAY RESURFACING (2021-2022)	21-22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000	\$ 550,000	\$ 550,000
	<b>TOTAL</b>		<b>\$ 21,371,180</b>	<b>\$ 21,147,427</b>	<b>\$ 42,518,607</b>	<b>\$ 19,855,873</b>	<b>\$ 24,342,583</b>	<b>\$ 35,625,346</b>	<b>\$ 34,678,708</b>	<b>\$ 22,630,884</b>	<b>\$ 179,652,001</b>	<b>\$ 179,652,001</b>

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## WATER SYSTEM IMPROVEMENTS AND VALVE REPLACEMENTS (2013-2014)

Funding	Funding Sources	
	CIP Water	Total
2017-2018	500,000	500,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>500,000</b>	<b>500,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	400,000	0%	-	400,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	400,000	-	-	400,000
Contingency 25%	100,000	-	-	100,000
Totals	<b>500,000</b>	-	-	<b>500,000</b>

include:

- Replacement of an 18" gate valve at the intersection of Mariner's Island Blvd. & Fashion Island Blvd.;
- Replacement of a 16" butterfly valve at the NE corner of the intersection of E. Hillsdale Blvd. and Edgewater Blvd.;
- 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 of \$475,000 has been approved in the previous years. At the meeting on October 6, 2014, the EMID Board of Directors awarded the contract agreement to HydroScience Engineers, Inc. to prepare construction documents suitable for bidding. During design, additional items of work needing repairs were uncovered and included in the project:

1. A leak was discovered on the 24-inch transmission pipeline near the west end of the Seal Slough Bridge. That leak was temporarily repaired but a permanent repair is necessary.
2. A leak was discovered on the 8-inch water line that serves Detroit Drive. Currently, a temporary bypass piping is installed to supply water to Detroit Drive.
3. A review of a closed-circuit television (CCTV) inspection video revealed damage to the cement mortar lining of the 24" pipe near the west side of Seal Slough Bridge. The repair of the lining will be included in this project.

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 the customers.

Valves included in the project are leaking or not functioning properly. The defective valves are discovered during water main and fire hydrant flushing program. Valves identified for this project

The additional funding of \$500,000 will be required to fully fund construction of the expanded project. To minimize budgetary impact, it is requested that the future funding request of \$500,000 included in the 5-Year CIP Plan for the Water System Improvement Project (2018-2019) will be re-allocated to this project. Valves included in the 2018-2019 project will be replaced by the operational crew in coming years as time permits.

It is anticipated the design will be completed by spring 2017, with construction to commence in fall 2017.

ESTIMATED PROJECT SCHEDULE:

Design	Spring 2017
Construction	Fall 2017

## 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
2017-2018	-	-
2018-2019	2,500,000	2,500,000
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>2,500,000</b>	<b>2,500,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	2,022,700	3%	60,700	2,083,400
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	2,022,700		60,700	2,083,400
Contingency 20%	404,500		12,100	416,600
Totals	<b>2,427,200</b>		<b>72,800</b>	<b>2,500,000</b>

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 and repainted. 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.

Preliminary review by an inspection firm revealed that the coating on all three (3) steel tanks is beginning to show signs of failure and localized corrosion. The tanks being adjacent to the bay have contributed to the deterioration. This failure requires that the coating be refurbished and/or replaced based on further evaluation.

Funding in the amount of \$50,000 is approved in the FY 2016-2017 budget for design and \$2,500,000 is requested in FY 2018-2019 for the construction of the project.

ESTIMATED PROJECT SCHEDULE:

Request for Proposal	FY 2017-2018
Design	FY 2018-2019
Construction	FY 2019-2020

PROJECT PRIORITY CATEGORY: BPROJECT 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

## WATER QUALITY DOSING AND TANK IMPROVMENTS (2017-2018)

Funding Sources		
Funding	CIP Water	Total
2017-2018	250,000	250,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>250,000</b>	<b>250,000</b>

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	250,000	0%	-	250,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	250,000	-	-	250,000
Contingency 25%	-	-	-	-
Totals	<b>250,000</b>	-	-	<b>250,000</b>

MG per day), the water in the tanks age and result in a drop in water quality.

In order to continue to maintain high water quality at the storage tanks and not resort to keeping tanks empty in the winter months, the District researched various alternatives to improve the water quality throughout the system and the water tanks. The research led to a water dosing system that can provide the needed water quality improvements at the storage tanks that lead to system wide improvements. This dosing system is being proposed to be installed at the water storage tanks at Corporation Yard. The dosing system should improve water quality at both the storage tanks and in the system.

ESTIMATED PROJECT SCHEDULE:

Request for Proposal/Perform Work

FY 2017-2018

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

Due to the most recent drought and required State mandated water use reductions, the District's water use is at 1990 levels. At that time, the District only had two water tanks and 8 Million Gallons (MG) of storage. The current District water storage is 20 MG. Due to the reduction in water consumption with water conservation, and the reduced demand in the winter months (2-3

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

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

Funding	Funding Sources	
	CIP Water	Total
2017-2018	-	-
2018-2019	100,000	100,000
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>100,000</b>	<b>100,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	97,100	3%	2,900	100,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	97,100		2,900	100,000
Contingency 0%	-		-	-
Totals	<b>97,100</b>		<b>2,900</b>	<b>100,000</b>

A contract with G&E Engineering Systems, Inc. was executed in Summer 2012 to perform the seismic vulnerability assessment of the pump station. The report was completed in September 2013.

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 \$100,000 in FY 2018-2019 for the design and construction of the project.

ESTIMATED PROJECT SCHEDULE:

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

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

The Water Booster Pump Station located at the District's Corporation Yard, 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.

## 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
2017-2018	-	-
2018-2019	300,000	300,000
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>300,000</b>	<b>300,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	291,300	3%	8,700	300,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	291,300		8,700	300,000
Contingency 0%	-		-	-
Totals	<b>291,300</b>		<b>8,700</b>	<b>300,000</b>

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.

The report concluded that all three tanks meet the current seismic 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.

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

ESTIMATED PROJECT SCHEDULE:

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

PROJECT PRIORITY CATEGORY: B

PROJECT DESCRIPTION:

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 2004.



## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## SANITARY SEWER SYSTEM IMPROVEMENTS (2010-2011)

Funding Sources		
Funding	CIP Wastewater	Total
2017-2018	1,000,000	1,000,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>1,000,000</b>	<b>1,000,000</b>

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	800,000	0%	-	800,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	800,000		-	800,000
Contingency 25%	200,000		-	200,000
Totals	<b>1,000,000</b>		-	<b>1,000,000</b>

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

This project is a continuation of the District's on-going program to assess the condition and perform repairs to the sanitary sewer collection system. Repairs are identified based on the video inspections performed by the District's Public Works Maintenance staff.

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

After review of the video inspection data, staff developed a list of locations as identified in this project. This project continues that effort 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.

The City Council awarded the design and construction support services contract to HydroScience Engineers, Inc. at its meeting on February 16, 2016.

Funding in the amount of \$450,000 has been approved for this project. Based on the pipeline inspections and site investigations, it was determined pipe segments located within easements between residential properties would need to be re-routed to the street (public right-of-way) as it is nearly impossible to do construction work between homes to remove and replace these pipes. In addition, there are pipe segments

on busy streets requiring night time work, adding extra construction costs. Preliminary Design Recommendations included in the Technical Memorandum prepared by HydroScience suggested an additional \$1,000,000 is required to fully fund construction. However, staff is exploring less costly construction techniques of lining the existing pipeline without removing/replacing the pipes. Wherever applicable, these techniques will be used to minimize costs.

It is requested that \$500,000 budgeted for 2020-21 Sanitary Sewer System Improvements be used to supplement the funding gap. With an additional funding request of \$500,000, a combined budget of \$1,450,000 will allow design and construction of the project.

**ESTIMATED PROJECT SCHEDULE:**

Compiling of Repair/Rehab Locations	Complete
Design	In Progress
Construction	Winter 2017

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## WASTEWATER TREATMENT PLANT MASTER PLAN IMPROVEMENTS (2015-2016)

Funding Sources		
Funding	Bond Financing/SRF	Total
2017-2018	12,345,628	12,345,628
2018-2019	16,165,083	16,165,083
2019-2020	32,725,346	32,725,346
2020-2021	31,338,708	31,338,708
2021-2022	11,930,884	11,930,884
Total	<b>104,505,649</b>	<b>104,505,649</b>

Expenditure Categories		
Expenditures	Estimated Project Cost	Total
2017-2018	12,345,628	12,345,628
2018-2019	16,165,083	16,165,083
2019-2020	32,725,346	32,725,346
2020-2021	31,338,708	31,338,708
2021-2022	11,930,884	11,930,884
Subtotal	104,505,649	104,505,649
Contingency 0%	-	-
Totals	<b>104,505,649</b>	<b>104,505,649</b>

PROJECT PRIORITY CATEGORY: APROJECT DESCRIPTION:

The Clean Water Program (CWP) includes capital improvements to the San Mateo WWTP and San Mateo's sanitary sewer collection system necessary to replace aging infrastructure and meet regulatory requirements.

In accordance with the percentages of ownership of the WWTP established in the JPA (As lead agency, San Mateo owns 75 percent and EMID owns 25 percent), EMID is only responsible for the relevant work related to the Wastewater Treatment Plant

Master Plan improvements. The program as contemplated in the 2014 Draft Integrated Wastewater Master Plan and updated in the 2015 Validation Study includes approximately \$900 million dollars in improvements, which includes both the WWTP and collection system projects. The estimated share of the WWTP costs for EMID is approximately \$119 million dollars. \$10,899,000 was approved in fiscal year 2016-2017 budget. Approximately \$105 million is anticipated in the next five years.

In 2016 (year 2), the CWP focused on continuing to deliver the Program and Projects within established budgets and schedules and to shift from Program mobilization to Program and Project delivery and execution. Some notable accomplishments include:

- Certification of the Final Programmatic Environmental Impact Report (PEIR);
- Selection of the biological nutrient removal (BNR) and membrane bioreactor (MBR) technology alternatives for the WWTP;
- Commencement of construction for the WWTP Immediate Action Projects.
- Completion of new WWTP headworks and primaries concept design;
- Initiation of concept design for the new WWTP secondary treatment system;
- Preparation of initial State Revolving Fund (SRF) loan application;
- Bundling of over 60 individual collection system and WWTP projects into 12 main project bundles to facilitate delivery, revenue, and schedule planning needs;
- Development and issuance of a Construction Manager at Risk (CMAR) RFQ as a result of evaluation of the alternative delivery approach;

- Approval of Amendment No. 3 in an amount of \$14.4M (October 2016), to the professional services agreement with CH2M, to continue to provide program management for year three (3) of the CWP.

In 2017 (year 3), the CWP will focus on continuing services to assist with full project delivery and execution of major improvement projects including:

- Completing Detroit Drive and WWTP site preparation design and construction oversight;
- Providing design for the new WWTP headworks and primary and secondary treatment systems project detailed to 60% - 90% design;
- Selection and management of a CMAR constructor for the WWTP headworks and primary and secondary treatment that will be integrated with the WWTP designer, program and Cities' staff;
- Submitting State Revolving Funds (SRF) loan packages, and determining revenue requirements;
- Providing a SCADA, WWTP Odor Control and Water Reuse Studies.

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 2016-2017 and Beyond
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## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## SANITARY SEWER LIFT STATION IMPROVEMENTS – PHASE 6 (2020-2021)

Funding Sources				
CIP				
Funding	Wastewater		Total	
2017-2018	-		-	
2018-2019	-		-	
2019-2020	-		-	
2020-2021	600,000		600,000	
2021-2022	5,400,000		5,400,000	
Total	6,000,000		6,000,000	

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	550,500	9%	49,500	600,000
2021-2022	3,832,100	12%	459,900	4,292,000
Subtotal	4,382,600		49,500	4,892,000
Contingency 25%	1,095,600		12,400	1,108,000
Totals	5,478,200		61,900	6,000,000

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 2018/19. It is anticipated Phase 6 will begin in FY 2020-2021.

Funding of \$600,000 is requested in FY 2020-2021 to develop construction documents for Phase 6. Depending on the priority list, the amount of funding for construction and construction schedule will be adjusted.

ESTIMATED PROJECT SCHEDULE:

Project Report and Design	FY 2020-2021
Project Construction	FY 2021-2022
Project Closeout	FY 2023-2025

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

## STREET REHABILITATION (2017-2018)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2017-2018	1,167,600	76,400	106,000	1,350,000
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	-	-	-	-
2021-2022	-	-	-	-
Total	<b>1,167,600</b>	<b>76,400</b>	<b>106,000</b>	<b>1,350,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Escalation	Total
2017-2018	1,080,000	0%	-	1,080,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	1,080,000		-	1,080,000
Contingency 25%	270,000		-	270,000
Totals	<b>1,350,000</b>		-	<b>1,350,000</b>

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. 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 2017-2018 for the project.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)  
Construction

FY 2017-2018  
Summer 2018

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

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## STREET REHABILITATION (2018-2019)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2017-2018	-	-	-	-
2018-2019	1,164,000	77,900	108,100	1,350,000
2019-2020	-	-	-	-
2020-2021	-	-	-	-
2021-2022	-	-	-	-
<b>Total</b>	<b>1,164,000</b>	<b>77,900</b>	<b>108,100</b>	<b>1,350,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	1,048,500	3%	31,500	1,080,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	1,048,500		31,500	1,080,000
Contingency 25%	262,100		7,900	270,000
<b>Totals</b>	<b>1,310,600</b>		<b>39,400</b>	<b>1,350,000</b>

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.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)  
Construction

FY 2018-2019  
Summer 2019

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. The streets are inspected every two years and the database is updated in the PMP. The streets selected for the

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## STREET REHABILITATION (2019-2020)

	Funding Sources			
	Measure A	Gas Tax (2103)	Measure M	Total
2017-2018	-	-	-	-
2018-2019	-	-	-	-
2019-2020	1,103,057	136,643	110,300	1,350,000
2020-2021	-	-	-	-
2021-2022	-	-	-	-
<b>Total</b>	<b>1,103,057</b>	<b>136,643</b>	<b>110,300</b>	<b>1,350,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	1,018,900	6%	61,100	1,080,000
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	1,018,900		61,100	1,080,000
Contingency 25%	254,700		15,300	270,000
<b>Totals</b>	<b>1,273,600</b>		<b>76,400</b>	<b>1,350,000</b>

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.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)  
Construction

FY 2019-2020  
Summer 2020

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. The streets are inspected every two years and the database is updated in the PMP. The streets selected for the



## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## STREET REHABILITATION (2020-2021)

Funding Sources			
	Gas Tax (2103)	Measure M	Total
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	-	-	-
2020-2021	1,237,500	112,500	1,350,000
2021-2022	-	-	-
<b>Total</b>	<b>1,237,500</b>	<b>112,500</b>	<b>1,350,000</b>

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	990,800	9%	89,200	1,080,000
2021-2022	-	12%	-	-
Subtotal	990,800		89,200	1,080,000
Contingency 25%	247,700		22,300	270,000
<b>Totals</b>	<b>1,238,500</b>		<b>111,500</b>	<b>1,350,000</b>

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.

ESTIMATED PROJECT SCHEDULE:

Project Design – In-house  
Construction

FY 2020-2021  
Summer 2021

PROJECT PRIORITY CATEGORY: A

PROJECT 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. The streets are inspected every two years and the database is updated in the PMP. The streets selected for the

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## STREET REHABILITATION (2021-2022)

	Funding Sources				
	Gas Tax				
	Measure A	City CIP	(2103)	Measure M	Total
2017-2018	-	-	-	-	-
2018-2019	-	-	-	-	-
2019-2020	-	-	-	-	-
2020-2021	-	-	-	-	-
2021-2022	880,000	60,000	290,000	120,000	1,350,000
Total	<b>880,000</b>	<b>60,000</b>	<b>290,000</b>	<b>120,000</b>	<b>1,350,000</b>

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	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	<b>1,205,400</b>		<b>144,600</b>	<b>1,350,000</b>

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 2021-2022 for the project.

ESTIMATED PROJECT SCHEDULE:

Project Design (In-house)  
Construction

FY 2021-2022  
Summer 2022

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. The streets are

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## SEISMIC IMPROVEMENTS AT LAGOON PUMP STATION (2018-2019)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	150,000	150,000
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>150,000</b>	<b>150,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	145,600	3%	4,400	150,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	145,600		4,400	150,000
Contingency 0%	-		-	-
Totals	<b>145,600</b>		<b>4,400</b>	<b>150,000</b>

A contract with G&E Engineering Systems, Inc. was executed in summer 2012 to perform the seismic vulnerability assessment of the building. The report was completed in September 2013. It 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 \$150,000 in FY 2018-2019 for the design and construction of the project.

ESTIMATED PROJECT SCHEDULE:

Evaluation/Study Completed	September 2013
Request for Proposal and Design	FY 2018-2019
Construction	FY 2019-2020

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

The Lagoon Pump Station located at the City/District's Corporation Yard, houses two (2) engines/pumps used to pump lagoon water into the bay to control the water level in the interior lagoon.

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## UNDERWATER BRIDGE SUPPORT STRUCTURES INSPECTION AND REPAIR PROJECT (2021-2022)

Funding Sources		
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	250,000	250,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	178,600	12%	21,400	200,000
Subtotal	178,600		21,400	200,000
Contingency 25%	44,600		5,400	50,000
<b>Totals</b>	<b>223,200</b>		<b>26,800</b>	<b>250,000</b>

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 and 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' under- water inspection reports for 2010, 2015, and 2020 by a structural consultant. The consultant will also conduct additional underwater inspection as needed. If structural deficiencies are found, the consultant will prepare construction documents to address the issues.

Funding of \$250,000 is requested in the FY 2021-2022 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: BPROJECT 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 2021-2022  
Summer 2023

**CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN****PARK INFRASTRUCTURE IMPROVEMENTS – Tennis and Basketball Courts Resurfacing (2017-2018)**

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	275,000	275,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>275,000</b>	<b>275,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	220,000	0%	-	220,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	220,000		-	220,000
Contingency 25%	55,000		-	55,000
<b>Totals</b>	<b>275,000</b>		-	<b>275,000</b>

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

1. Capital Investment – City Fund

**PROJECT DESCRIPTION:****Tennis and Basketball Courts Resurfacing and Pickleball Courts Lining \$275,000**

Tennis and Basketball Court surfaces are typically re-surfaced 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, two Tennis Courts at the Recreation Center will be lined to include Pickle-ball play. This will address the interest to enhance and expand court use through youth classes held on Recreation Center courts as well as offer a facility for the growing Pickleball community. Pickleball is popular both as a transitional tennis activity and as a social activity.

The total costs include all resurfacing and painting of lines, all of which were last resurfaced in FY 2011-2012.

Posts will be changed as needed during this process. The following eight (8) Tennis Courts, six (6) Pickle-Ball Courts, and six (6) Basketball Courts are anticipated to be in need of resurfacing in FY 2017-2018:

**TENNIS COURTS:**

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

PICKLE BALL:

- (6) Recreation Center

BASKETBALL COURTS:

Full Courts:

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

Half Courts:

- (1) Port Royal
- (1) Ketch

PROJECTED TIMELINE:

- |                 |                 |
|-----------------|-----------------|
| • Scope of Work | Jan – June 2017 |
| • Construction  | Aug – Oct 2017  |
| • Close-out     | Dec 2017        |

**CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN****PARK INFRASTRUCTURE IMPROVEMENTS - Dog Park Refurbishment (2017-2018)**

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	375,000	375,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>375,000</b>	<b>375,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	300,000	0%	-	300,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	300,000		-	300,000
Contingency 25%	75,000		-	75,000
<b>Totals</b>	<b>375,000</b>		-	<b>375,000</b>

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

1. Capital Investment – City Fund

**PROJECT DESCRIPTION:****Dog Park Synthetic Turf Refurbishment - \$375,000**

The synthetic turf inside the Dog Park is scheduled for replacement every seven to eight years. The last replacement of turf was done in 2009. As was done in 2009, staff will manage this project as General Contractor, and will seek estimates from specialty trades as needed.

**Construction includes:**

- Synthetic Turf Replacement
- Drainage Improvement
- Grading Repair
- Header-board Replacement
- Replacement of corroded Fence components
- Replacement of corroded Benches/Tables
- New Signage

**PROJECTED TIMELINE:**

- |                 |             |
|-----------------|-------------|
| • Scope of Work | Spring 2017 |
| • Estimates     | Fall 2017   |
| • Construction  | Spring 2018 |
| • Close-out     | Fall 2018   |

**CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN****PARK INFRASTRUCTURE IMPROVEMENTS - Edgewater Park Concrete Walkway Replacement (2017-2018)**

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	215,000	215,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>215,000</b>	<b>215,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	172,000	0%	-	172,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	172,000		-	172,000
Contingency 25%	43,000		-	43,000
<b>Totals</b>	<b>215,000</b>		-	<b>215,000</b>

**PROJECT DESCRIPTION:****Edgewater Park Concrete Walkway Replacement - \$215,000**

Staff has assessed the concrete walkway at Edgewater Park situated between tennis courts and have found it in need of replacement to properly maintain the infrastructure.

The total cost includes removing and replacing approximately 8,000 square feet of concrete at Edgewater Park tennis court area in FY 2017-2018. Staff will manage project as General Contractor and seek estimates from qualified contractors for specified work.

**PROJECTED TIMELINE:**

Fall 2017

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

1. Capital Investment – City Fund



## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS – Playground ADA Compliance Projects - Gull Park (2017-2018)

Funding	Funding Sources	
	CIP City	Total
2017-2018	550,000	550,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	550,000	550,000

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	440,000	0%	-	440,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	440,000		-	440,000
Contingency 25%	110,000		-	110,000
Totals	550,000		-	550,000

PROJECT PRIORITY CATEGORY: C

POSSIBLE FUNDING SOURCES:

- Capital Investment – City Fund

PROJECT DESCRIPTION:

**Playground ADA Compliance Project - (Gull Park) – Design, Project Management, and Construction - \$550,000**

The play-areas that are due for replacement in FY 2017-2018 will need ADA upgrades in order to be compliant.

Currently, there are three (3) separate play-areas at Gull Park.

This project consists of design, construction, and project management of play-areas and ADA accessibility. Requirements have changed since the last time these playgrounds were replaced. Staff has consulted with landscape design firm who provided numbers for estimated budget.

Scope of work includes:

- ADA Access from street into both play-areas
- Repair Asphalt path between play-areas
- Relocating Swings to near 2-5 year old play-area by converting small adjacent lawn area
- Modify Landscaping where the swings currently are located
- Add Group Picnic area with new tables
- Fencing as needed per ASTM/ proximity to street
- Synthetic Surfacing

Staff recommends use of a consultant to design the anticipated modifications to meet compliance with access-routes for these playgrounds, as well as utilizing synthetic surfacing in some of the playground areas at this park.

Additional funding in the amount of \$160,000 will be available in the City's Equipment Replacement Fund for replacement of the actual play-structure in FY 2018-2019.

PROJECTED TIMELINE:

Design  
Construction

Fall 2017  
Fall 2018

**CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN****PARK INFRASTRUCTURE IMPROVEMENTS – Playground ADA Compliance Projects - Marlin Park (2017-2018)**

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	550,000	550,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>550,000</b>	<b>550,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	440,000	0%	-	440,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	440,000		-	440,000
Contingency 25%	110,000		-	110,000
<b>Totals</b>	<b>550,000</b>		-	<b>550,000</b>

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

1. Capital Investment – City Fund

**PROJECT DESCRIPTION:**

**Playground ADA Compliance Project - (Marlin Park) – Design, Project Management, and Construction - \$550,000**

The play-areas that are due for replacement in FY 2017-2018 will need ADA upgrades in order to be compliant.

Currently, there are two (2) separate play-areas at Marlin Park.

This project consists of design, construction, and project management of play-areas and ADA accessibility. Requirements have changed since the construction of these playgrounds. Staff has consulted with landscape design firm who provided numbers for estimated budget.

**Scope of work includes:**

- ADA Access from street into play-area
- Repair Asphalt Pathway
- Relocating Swings to near 5-12 yr old play-area by converting small adjacent lawn area
- Seating near play-area
- Modify Landscaping where the swings currently are located
- Add Group Picnic area with new tables
- Fencing as needed per ASTM/ proximity to street
- Synthetic Surfacing

Staff recommends use of a consultant to design the anticipated modifications to meet compliance with access-routes for these playgrounds, as well as utilizing synthetic surfacing in some of the playground areas at this park.

Additional funding in the amount of \$125,000 will be available in the City's Equipment Replacement Fund for replacement of the actual play-structure in FY 2018-2019.

**PROJECTED TIMELINE:**

Design	Fall 2017
Construction	Fall 2018

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS - Park Monument Signs – Phase II (2018-2019)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	130,000	130,000
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>130,000</b>	<b>130,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	101,000	3%	3,000	104,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Total	101,000		3,000	104,000
Contingency 25%	25,200		800	26,000
Totals	<b>126,200</b>		<b>3,800</b>	<b>130,000</b>

PROJECT PRIORITY CATEGORY: C

## POSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

## PROJECT DESCRIPTION:

## Park Monument Signs – Phase II - \$130,000

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

Staff installed 11 new signs in-house in Phase I.

Currently, fifteen (15) more signs are needed to complete concrete park sign installations.

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

**Phase II** includes *replacement* of these signs:

1. Boothbay Park
2. Edgewater Park
3. Farragut Park
4. Ketch Park
5. Recreation Center
6. Senior Wing
7. Vibe

**Phase II** includes *addition* of signs in these parks:

1. Arcturus Park
2. Gateshead Park
3. Killdeer Park
4. Leo Park
5. Pompano Park
6. Shad Park
7. Sunfish Park
8. Turnstone Park

**Phase I (2014-2015)** included replacement of these eleven (11) large wooden park signs with new concrete monument 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

This will complete park sign replacement to concrete signs in all 24 parks.

**PROJECTED TIMELINE:**

Manufacturing	Fall 2018
Installation	2019

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS – Boothbay Park Family Playground (2018-2019)

Funding Sources				
Funding	CIP City	Park In-lieu	Total	
2017-2018	-	-	-	
2018-2019	740,000	650,000	1,390,000	
2019-2020	-	-	-	
2020-2021	-	-	-	
2021-2022	-	-	-	
Total	740,000	650,000	1,390,000	

Expenditure Categories				
Expenditures	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	1,079,600	3%	32,400	1,112,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	1,079,600		32,400	1,112,000
Contingency 25%	269,900		8,100	278,000
Totals	1,349,500		40,500	1,390,000

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 create a multi-generational play area.

The new combined playground improvement areas will be approximately 40,000 square feet. A portion of that includes current 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 ASTM (American Standards for Testing and Materials) 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 in the amount of \$90,000 will be available in the City Equipment Replacement Fund (ERF) for play-equipment and will be transferred to the CIP to partially fund the play equipment.

Funding in the amount of \$650,000 will be available in Park-in-Lieu Fund for this project.

PROJECT PRIORITY CATEGORY: CPOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund
2. Park In-lieu Fund
3. Equipment Replacement Fund (ERF)

PROJECT DESCRIPTION:

**Family Playground at Boothbay Park - \$1,390,000**

PROJECTED TIMELINE:

Design	July 2018 – Jan 2019
Construction	Summer - Fall 2019
Close-out	Dec 2019

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS – PARK SYSTEM MASTER PLAN STUDY (2018-2019)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	257,500	257,500
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>257,500</b>	<b>257,500</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	200,000	3%	6,000	206,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	200,000		6,000	206,000
Contingency 25%	50,000		1,500	51,500
Totals	<b>250,000</b>		<b>7,500</b>	<b>257,500</b>

PROJECT PRIORITY CATEGORY: A

POSSIBLE FUNDING SOURCES:

- Capital Investment – City Fund

PROJECT DESCRIPTION:**Park System Master Plan - \$257,500**

Several City parks are nearing 50 years old and at the end of their useful life. As part of the City's ongoing effort to properly and adequately maintain its Parks Infrastructure valued at approximately \$100 million, a Park System Master Plan is necessary to ensure future maintenance, sustainability, and water conservation opportunities are identified.

The Park System consists of 160 acres of parks and open space which includes 24 parks and eight miles of levee pedway in four square miles. There are 16 playgrounds, nine park sites with at least one court activity, seven synthetic turf fields, and 14 park restrooms.

The completion of a Park System Master Plan will safeguard a community asset that provides for stable home prices, safe neighborhoods, quality of life for community residents, and responsible fiscal management.

PROJECTED TIMELINE:

Award Agreement	January 2019
Conduct Study	January – December 2019

Findings Incorporated into 2020-2021 Budget in March 2020

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

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	-	-
2018-2019	-	-
2019-2020	800,000	800,000
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>800,000</b>	<b>800,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	603,800	6%	36,200	640,000
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	603,800		36,200	640,000
Contingency 25%	150,900		9,100	160,000
<b>Totals</b>	<b>754,700</b>		<b>45,300</b>	<b>800,000</b>

**PROJECT DESCRIPTION:****Synthetic Surface Replacements - \$800,000**

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:

1. Boat Park along the boardwalk
2. Amphitheater
3. Recreation Center to the Boat House 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 site.

**PROJECTED TIMELINE:**

- Construction Winter 2019

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

1. Capital Investment – City Fund

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

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	-	-
2018-2019	-	-
2019-2020	350,000	350,000
2020-2021	-	-
2021-2022	-	-
<b>Total</b>	<b>350,000</b>	<b>350,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	264,000	6%	16,000	280,000
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	264,000		16,000	280,000
Contingency 25%	66,000		4,000	70,000
<b>Totals</b>	<b>330,000</b>		<b>20,000</b>	<b>350,000</b>

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

1. Capital Investment – City Fund

**PROJECT DESCRIPTION:****Playgrounds ADA Compliance – \$350,000**

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.

Some of the sites will require some of these components, to meet American Society for Testing and Materials (ASTM) guidelines:

- ADA Ramp
- Fencing
- Surfacing

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

**PROJECTED TIMELINE:**

Design	Fall – Winter 2019
Construction	Spring 2020 - 2021



## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS - Pompano Park Renovation (2020-2021)

Funding	Funding Sources		
	CIP City	Park In-lieu	Total
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	-	-	-
2020-2021	465,000	100,000	565,000
2021-2022	-	-	-
Total	<b>465,000</b>	<b>100,000</b>	<b>565,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	414,700	9%	37,300	452,000
2021-2022	-	12%	-	-
Total	414,700		37,300	452,000
Contingency 25%	103,700		9,300	113,000
Totals	<b>518,400</b>		<b>46,600</b>	<b>565,000</b>

PROJECT DESCRIPTION:

<b>Pompano Park Renovation</b>	
<b>Design</b>	<b>\$ 90,000</b>
<b>Construction</b>	<b><u>\$475,000</u></b>
<b>Total:</b>	<b><u>\$565,000</u></b>

The infrastructure in Pompano Park has reached its useful life. As part of the City's ongoing effort toward Park infrastructure sustainability and water conservation, Pompano Park has been identified as being due for major renovation in 2020-2021.

The lawn at Pompano Park will 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

PROJECT PRIORITY CATEGORY: CPOSSIBLE FUNDING SOURCES:

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

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.

PROJECTED TIMELINE:

Design	Fall / Winter 2020
Construction	Spring-Fall 2021

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS - Arcturus Park Renovation (2020-2021)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	625,000	625,000
2021-2022	-	-
Total	<b>625,000</b>	<b>625,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	458,700	9%	41,300	500,000
2021-2022	-	12%	-	-
Subtotal	458,700		41,300	500,000
Contingency 25%	114,700		10,300	125,000
Totals	<b>573,400</b>		<b>51,600</b>	<b>625,000</b>

PROJECT PRIORITY CATEGORY: CPOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

PROJECT DESCRIPTION:

<b>Arcturus Park Renovation</b>	
<b>Design</b>	<b>\$110,000</b>
<b>Construction</b>	<b><u>\$515,000</u></b>
<b>Total:</b>	<b><u>\$625,000</u></b>

The infrastructure in Arcturus Park has reached its useful life. As part of the City's ongoing effort toward Park infrastructure sustainability and water conservation, Arcturus Park has been identified as being due for major renovation in 2020-2021.

Scope of work includes:

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

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.

PROJECTED TIMELINE:

Design	Fall 2020
Construction	Spring – Fall 2021

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS - Tennis Courts Resurfacing (2020-2021)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	200,000	200,000
2021-2022	-	-
Total	<b>200,000</b>	<b>200,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	146,800	9%	13,200	160,000
2021-2022	-	12%	-	-
Subtotal	146,800		13,200	160,000
Contingency 25%	36,700		3,300	40,000
Totals	<b>183,500</b>		<b>16,500</b>	<b>200,000</b>

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

## PROJECTED TIMELINE:

Estimates

Construction

Aug – Dec 2020

Mar – May 2021

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS – Boardwalk Re-finishing and Re-sealing (2021-2022)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	50,000	50,000
Total	<b>50,000</b>	<b>50,000</b>

Expenditures	Expenditure Categories			
	Estimated	Inflation		Total
	Project Cost	Inflation %	Escalation	
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	35,700	12%	4,300	40,000
Subtotal	35,700		4,300	40,000
Contingency 25%	8,900		1,100	10,000
Totals	<b>44,600</b>		<b>5,400</b>	<b>50,000</b>

PROJECT DESCRIPTION:**Boardwalk Re-finishing and Re-sealing - \$50,000**

Re-finishing and re-sealing of the wooden boardwalk and chain-rail support poles at Leo J. Ryan Park should be done every three to five years. This was last done in 2016.

This project will include replacing the goose control fencing along the water at Leo J. Ryan Park, as part of on-going Habitat modification efforts.

PROJECTED TIMELINE: Aug-Nov 2021

PROJECT PRIORITY CATEGORY: C

POSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## PARK INFRASTRUCTURE IMPROVEMENTS – Killdeer Park Renovation (2021-2022)

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	2,500,000	2,500,000
Total	<b>2,500,000</b>	<b>2,500,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	1,785,700	12%	214,300	2,000,000
Subtotal	1,785,700		214,300	2,000,000
Contingency 25%	446,400		53,600	500,000
Totals	<b>2,232,100</b>		<b>267,900</b>	<b>2,500,000</b>

PROJECT PRIORITY CATEGORY: CPOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

PROJECT DESCRIPTION:
**Killdeer Park Renovation  
Design and Construction - \$2,500,000**

The infrastructure in Killdeer Park has reached its useful life. As part of the City's ongoing effort toward Park infrastructure sustainability and water conservation, Killdeer Park has been identified as being due for major renovation in 2021-2022.

Scope of work includes:

- Design plans and specifications
- Demolition, drainage, and grading
- Hardscape
- 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.

PROJECTED TIMELINE:

Design	Fall/ Winter 2021
Construction	Spring – Winter 2022

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

PARK INFRASTRUCTURE IMPROVEMENTS – **Parking Lot Resurfacing (2021-2022)**

<b>Funding</b>	<b>Funding Sources</b>	
	<b>CIP City</b>	<b>Total</b>
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	600,000	600,000
<b>Total</b>	<b>600,000</b>	<b>600,000</b>

<b>Expenditures</b>	<b>Expenditure Categories</b>			
	<b>Estimated Project Cost</b>	<b>Inflation %</b>	<b>Inflation Escalation</b>	<b>Total</b>
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	428,600	12%	51,400	480,000
Subtotal	428,600		51,400	480,000
Contingency 25%	107,100		12,900	120,000
<b>Totals</b>	<b>535,700</b>		<b>64,300</b>	<b>600,000</b>

PROJECT PRIORITY CATEGORY: C

POSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

PROJECT DESCRIPTION:**Parking Lot Resurfacing - \$600,000**

Resurfacing the City owned parking lots should be done every five to seven years.

Maintenance items that are necessary to keep the parking lots in good condition include:

- Removal and replacement of failed and root-damaged asphalt
- Installation of root barrier, slurry seal, and line striping.

This will add to the general surface life of the asphalt before major repairs or replacements are needed.

This will be done in conjunction with Public Works Street Rehabilitation projects, similar to the latest Park Pathways project.

PARKING LOTS:

1. Civic Center Complex
2. Library
3. Recreation Center Complex
4. Boat Park
5. Boothbay Park
6. Erckenbrack
7. Sea Cloud Park
8. Port Royal
9. Bridgeview
10. Baywinds
11. Corporation Yard

PROJECTED TIMELINE:

Plans and Specifications  
Construction  
Close-out

Winter 2021-2022  
Summer 2022  
Winter 2022

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

PARK INFRASTRUCTURE IMPROVEMENTS – **Park Pathway Resurfacing (2021-2022)**

Funding	Funding Sources	
	CIP City	Total
2017-2018	-	-
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	550,000	550,000
Total	<b>550,000</b>	<b>550,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	392,900	12%	47,100	440,000
Subtotal	392,900		47,100	440,000
Contingency 25%	98,200		11,800	110,000
Totals	<b>491,100</b>		<b>58,900</b>	<b>550,000</b>

PROJECT DESCRIPTION:**Park Pathway Renovation/ Repairs - \$550,000**

Staff routinely assesses the park pathways for uplifting, cracked, damaged asphalt, and perform localized repairs as needed. Every 5-7 years more major renovations are typically needed in various areas of our park system.

Maintenance items that are necessary to keep the pathways in good condition include:

- Removal and replacement of failed and root-damaged asphalt
- Installation of Header-board
- Slurry seal or Seal Coat
- Crack-seal

This will add to the general surface life of the asphalt before major repairs or replacements are needed.

This will be done in conjunction with Public Works Street Rehabilitation projects, similar to latest Park Pathways project.

PROJECT PRIORITY CATEGORY: CPOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

PROJECTED TIMELINE:

Plans and Specifications  
Construction  
Close-out

Winter 2021-2022  
Summer 2022  
Winter 2022



## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## LEVEE PROTECTION PLANNING AND IMPROVEMENTS PROJECT (2015-2016)

Funding Sources				
Funding	Bond			Total
	Financing			
2017-2018	2,000,000			2,000,000
2018-2019	2,000,000			2,000,000
2019-2020	-			-
2020-2021	-			-
2021-2022	-			-
Total	4,000,000			4,000,000

Expenditure Categories				
Expenditures	Estimated	Inflation		Total
	Project Cost	Inflation %	Escalation	
2017-2018	1,655,000	0%	-	1,655,000
2018-2019	1,500,000	3%	45,000	1,545,000
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	3,155,000		45,000	3,200,000
Contingency 25%	789,000		11,000	800,000
Totals	3,944,000		56,000	4,000,000

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.

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.

Total funding in the amount of approximately \$4 million has been approved for consulting services including engineering, regulatory permitting, environmental impact report (EIR) preparation, municipal financial advisory, bond counsel, assessment engineering and exploration of funding options.

In October 2016, the City Council reviewed the Basis of Design Report and awarded a contract agreement in the amount of \$2,324,286 to Schaaf & Wheeler to obtain the final approval from regulatory agencies and preparation of construction documents suitable for bidding.

The draft EIR was completed in November and the public hearing to assess the adequacy of the DEIR was held by the Planning Commission in January 2017 and the final EIR was approved in April 2017.

Additional funding requests in FY 2017/18 and 2018/19 will pay for support services, including specialty testing and inspection, submittal review, regulatory permit fees and construction management during 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
2017-2018	108,415	108,415	108,415	325,245
2018-2019	-	-	-	-
2019-2020	-	-	-	-
2020-2021	-	-	-	-
2021-2022	-	-	-	-
Total	108,415	108,415	108,415	325,245

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	260,195	0%	-	260,195
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	260,195	-	-	260,195
Contingency 25%	65,050	-	-	65,050
Totals	325,245	-	-	325,245

PROJECT PRIORITY CATEGORY: BPROJECT DESCRIPTION:

The Corporation Yard buildings are some of the oldest and most consistently used of the City's facilities, with some in continual use since the early 1970s. At this time a number of fundamental repairs and upgrades are needed.

Locker/Shower/Restroom: Funding in the amount of \$240,757 was appropriated in FY 2016-2017 for this element of the project. Assessment, design and development of specifications have been completed and construction is expected to be completed in FY 2017-2018. This work will repair structural deficiencies and bring the facility into code compliance and meet ADA requirements. Based on the updated cost estimates, it is now expected that this element will cost approximately \$250,000.

Gate Refinishing and Roof Replacement: Funding in the amount of \$203,000 was identified in last year's Five Year CIP plan for FY 2017-2018. The same amount is being requested for appropriation. This element consists of refinishing and/or replacing five (5) sets of gates that are corroded due to corrosive air from the bay. This element also includes replacing workshop and training building roofs.

Tables show budget required to fully fund design, construction, support services, and project contingency as well as additional funding request for FY 2017-18. Costs are split between General Fund, Water Fund and Wastewater Fund.

Project Element	Cost
Locker/Shower/Restroom	\$250,000
Gates/Roof	\$203,000
Contingency	\$113,000
<b>Total Project Budget</b>	<b>\$566,000</b>

Appropriated FY 2016-17	\$240,757
Requested FY 2017-18	\$325,245
<b>Total Project Budget</b>	<b>\$566,000</b>

ESTIMATED PROJECT SCHEDULE:

- FY 2016-2017:** Assess current conditions and develop design and Bid Package for Locker/Shower/Restroom; Begin construction
- FY 2017-2018:** Complete construction of Locker/ Shower/ Restroom; Complete gate resurfacing and roof replacement

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## BUILDING INFRASTRUCTURE IMPROVEMENTS - LIBRARY EXTERIOR WALL SEALING AND TILE INSTALLATION (2017-2018)

Funding	Funding Sources	
	CIP City	Total
2017-2018	120,000	120,000
2018-2019	-	-
2019-2020	-	-
2020-2021	-	-
2021-2022	-	-
Total	<b>120,000</b>	<b>120,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	96,000	0%	-	96,000
2018-2019	-	3%	-	-
2019-2020	-	6%	-	-
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	96,000		-	96,000
Contingency 25%	24,000		-	24,000
Totals	<b>120,000</b>		-	<b>120,000</b>

PROJECT DESCRIPTION:**Library Exterior Wall Sealing and Tile installation- \$120,000**

Buildings are evaluated on an annual basis, to ensure that they are safe and are sealed from rain or any other intrusions.

Staff has assessed the Library and found rain water coming in from the west side of the building. Staff has already performed sealing of the north west side of the Library due to water intrusion and will need to remove all soil and seal coating on the south eastern part of the building due to water and root intrusion. Parks staff will be removing all soil from the southern side of the exterior Library wall and Buildings will remove all seal coatings and root intrusion. The wall will then be prepared for new sealant and tile.

The total costs include prepaing approximately 150 linear feet of concrete wall to be sealed and install tile down to grade in FY 2017-2018.

PROJECT PRIORITY CATEGORY: APOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## CITY FACILITY PAINT (2019-2020)

Funding	Funding Sources		
	BMF	CIP City	Total
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	28,000	282,000	310,000
2020-2021	-	-	-
2021-2022	-	-	-
Total	<b>28,000</b>	<b>282,000</b>	<b>310,000</b>

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	265,850	6%	15,950	281,800
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	265,850		15,950	281,800
Contingency 10%	26,600		1,600	28,200
Totals	<b>292,450</b>		<b>17,550</b>	<b>310,000</b>

PROJECT DESCRIPTION:

The Building Maintenance Division maintains the quality of interior and exterior paint on all City facilities on an on-going basis. Periodically City facilities require comprehensive paint replacement. The following facilities are included in this project:

Teen Center – Exterior	\$50,000
Corporation Yard Shops Exterior	\$200,000
Police Station Exterior	\$60,000
Total All Painting Projects	\$310,000

By grouping these projects, it is hoped that the City will realize cost savings through economies of scale.

Funding in the amount of \$28,000 has been set aside for these projects, but it is expected that additional funds are needed. Once complete, the paint projects will be included in the Building Maintenance Replacement List to be fully funded for the next replacement in approximately 8 years.

PROJECT PRIORITY CATEGORY: APOSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund
2. Building Maintenance Fund

## CIP PROJECT DESCRIPTION FOR FIVE-YEAR FINANCIAL PLAN

## POLICE STATION HVAC (2019-2020)

Funding	Funding Sources		
	BMF	CIP City	Total
2017-2018	-	-	-
2018-2019	-	-	-
2019-2020	59,500	30,500	90,000
2020-2021	-	-	-
2021-2022	-	-	-
Total	<b>59,500</b>	<b>30,500</b>	<b>90,000</b>

PROJECT DESCRIPTION:

The Police Station HVAC was installed in approximately 2001 and is due for replacement in FY 2021-2022. Funding in the amount of \$59,500 has been set aside for this project, but it is expected that additional funds are needed. Once complete, the HVAC will be included in the Building Maintenance Replacement List to be fully funded for the next replacement in approximately 15 years.

Expenditures	Expenditure Categories			
	Estimated Project Cost	Inflation %	Inflation Escalation	Total
2017-2018	-	0%	-	-
2018-2019	-	3%	-	-
2019-2020	77,200	6%	4,600	81,800
2020-2021	-	9%	-	-
2021-2022	-	12%	-	-
Subtotal	77,200		4,600	81,800
Contingency 10%	7,700		500	8,200
Totals	<b>84,900</b>		<b>5,100</b>	<b>90,000</b>

PROJECT PRIORITY CATEGORY: A

POSSIBLE FUNDING SOURCES:

1. Capital Investment – City Fund
2. Building Maintenance Fund

## ATTACHMENT 2

### **SUPPLEMENTAL REPORT REGARDING PARK-IN-LIEU FEE FUND FY 2017-2018**

#### 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 \$14,648 as of June 30, 2017.

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 City anticipates investment earnings from Park-in-Lieu fees in future Fiscal Years:

- Fiscal Year 2018-19 \$7,500
- Fiscal Year 2019-20 \$1,100
- Fiscal Year 2020-21 \$1,100
- Fiscal Year 2021-22 \$100

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 ten years.

#### ANALYSIS

The Parks and Recreation Department has completed 11 park projects in the past ten years and one additional project (CIP 659 Synthetic Turf Installation at S1, S2, and B1 and Catamaran Park Synthetic Turf Replacement) for a combined total of \$13,034,733 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 one million gallons per field annually).

<b>Synthetic Projects</b>	<b>Park-in-Lieu Used</b>
Sea Cloud Park S3 and Catamaran Park	\$1,830,563
Sea Cloud Park S4 and B3 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
<b>TOTAL</b>	<b>\$6,652,689</b>

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

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

Based upon the revenues collected and the project expenditures appropriated in Fiscal Year 2016-17, the projected Park-in-Lieu Fund balance as of June 30, 2017 is expected to be \$14,648.

Park-in-Lieu fees and investment earnings anticipated to be received for the 5-Year CIP from FY 2017-18 to FY 2021-2022 total \$749,900.

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.





<b>Future Park Projects</b>	<b>Proposed Park-in-Lieu to be Used</b>
Family Playground at Boothbay Park	\$650,000
Pompano Park Renovation	\$100,000
<b>TOTAL</b>	<b>\$750,000</b>

In the 5-Year CIP also being reviewed as part of the Agenda this evening, a total of \$750,000 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 \$14,548 at the end of the five-year forecast that could be used for future eligible projects as they are identified.

<b>Description</b>	<b>Amount</b>
Park-in-Lieu Fund Balance as of June 30, 2017	\$14,648
Estimated Park-in-Lieu Fee Collection July 1, 2017 – June 30, 22	\$740,00
Estimated Interest Park-in-Lieu Fund	\$9,900
<b>Subtotal Estimated Park-in-Lieu Available Funds Through 6/30/2022</b>	<b>\$764,548</b>
Park-in-Lieu Funding Estimated for Projects Collection July 1, 2017 – June 30, 22	(\$750,000)
<b>Excess Reserve Available for Future Projects</b>	<b>\$14,548</b>

### Parks 10-Year CIP

The value of the Foster City parks infrastructure is approximately \$95 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 \$14 million. 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

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



2021-22

## Foster City Parks Asset Values



Park-in-Lieu Fees Fund Cash Flow Analysis: FY 2007-08 through FY 2021-22																
	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	2021-22	Totals 17-18 to 21-22
<b>Beginning Fund Balance</b>	0	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	816,148	14,648	754,748	112,248	113,348	14,448	14,648
<b>Park-in-lieu fees received from developments</b>																
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						-
Condo Phase 1 (15-Acre-Site)										500,000						-
Condo Phase 2 (15-Acre-Site)										760,000						-
Condo Phase 3 (15-Acre-Site)											740,000					740,000
																-
<b>Investment earnings</b>				7,000	21,274		6,289	13,384	25,850	6,500	100	7,500	1,100	1,100	100	9,900
<b>Total Revenues</b>	0	0	0	4,007,000	21,274	-	3,295,923	3,301,997	454,850	2,078,500	740,100	7,500	1,100	1,100	100	749,900
<b>Expenditures for Capital Improvement Projects</b>																
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)	2,408							-
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 <sup>1</sup>									(775,000)							-
<b>Proposed Projects</b>																
(New Project) Marquee									(123,198)							-
(New CIP) Sea Cloud Park Synthetic Turf Installation <sup>2</sup>									(2,880,000)							-
(New CIP) Boothbay Park Outdoor Fitness Equipment											(650,000)					(650,000)
(New CIP) Port Royal Park Levee Landscape Development													(100,000)	0		(100,000)
<b>Total Expenditures</b>	(1,830,563)	0	0	(4,975)	(2,192,736)	(400,245)	(1,510,329)	(3,400,769)	(925,279)	(2,880,000)	0	(650,000)	-	(100,000)	-	(750,000)
<b>Ending Fund Balance</b>	(1,830,563)	(1,830,563)	(1,830,563)	2,171,462	-	(400,245)	1,385,349	1,286,577	816,148	14,648	754,748	112,248	113,348	14,448	14,548	14,548
<sup>1</sup> Total estimated cost is \$900,000 (including \$750,000 from park in lieu fees and \$150,000 from application of grant)																
<sup>2</sup> Total estimated cost is \$3,475,000 (including \$500,000 advanced by City CIP to be repaid over a 10 year period from sports group contributions and \$95,000 from City CIP).																



DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

FROM: Edmund Suen, Finance Director  
Jeff Moneda, Public Works Director/District Engineer

SUBJECT: LONG-TERM CAPITAL IMPROVEMENT PROJECT FUND - CITY  
CAPITAL INVESTMENT FUND FY 2017-2018 TO FY 2026-2027

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### RECOMMENDATION

It is recommended that the City Council review the updated analysis and provide 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 decreasing slightly from \$1,948,000 to \$1,900,000 based on this year's completed projects, as well as planned projects for the upcoming FY 2017-2018 to FY 2026-2027 10-year horizon compared to the current FY 2016-2017 to FY 2025-2026 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 be 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, 2017 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 need for the City's capital projects from the City's General Fund is \$1,255,000 per year, which is a decrease of \$185,000 from the prior year's analysis due primarily to the deferral of park projects pending a master plan evaluation in FY 2018-2019 (see Attachment E – 10-Year Parks CIP) is more fully discussed in the Five-Year CIP Program staff report under the Supplemental Report Regarding Park-In-Lieu Fund earlier this evening (See Item 4.2.1). The Streets-Related Funding analysis indicates that an annual amount of \$645,000 (up from \$508,000 in the prior year's analysis) is needed from the General Fund to support the identified projects. The increase is due to costs associated with performing annual streets paving necessary to maintain the City's PCI (Pavement Condition Index) rating of 82 and projected traffic signal improvements needed in FY 2025-2026. In addition, Gas Tax revenues (a key source of funding for streets projects) continue to decline as demand for gasoline has fallen with the influx of higher fuel efficient vehicles (e.g. hybrids and electric vehicles) replacing traditional gasoline-powered vehicles. 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. Lastly, at several recent City Council meetings, including the February 13, 2017 City Council special meeting on preparation of the FY 2017-2018 annual budget and 5-year financial plan, staff introduced a new funding model for long-term CIP using a 4-year rolling strategy. Funding would come from the City's

excess reserves (unassigned General Fund Balance over and above 50% of the General Fund's annual operating expenditures). Staff has prepared a separate staff report updating the City's General Fund Reserve Policy that would authorize the City Manager to make a recommendation to the City Council to approve a transfer of \$7.6 million (\$1,900,000 (\$1,255,000 plus \$645,000) x 4 years) as part of the annual budget process (See Item 4.1.1). **Should the City Council determine to use the rolling 4-year funding policy to fund the Long-Term CIP Funding program, staff would recommend that a transfer of \$7.6 million from the unassigned General Fund Balance to the City CIP Fund be made via a resolution at the June 5, 2017 City Council meeting.**

## 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 continuity of services to the community, maintains property values, minimizes long-term costs (if not maintained appropriately), and eventually leads not only to a pleased citizenry but also to a maintained quality of life residents 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 much of its infrastructure is reaching or has exceeded its life expectancy, 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, Parks Maintenance, and Building Maintenance crews on an ongoing basis assists in reducing the overall future costs of City infrastructure. These ongoing operating costs help reduce the magnitude and expense of future infrastructure replacement projects. Costs typically increase exponentially with time as improvements/repairs are deferred.
- New Infrastructure or Significant Infrastructure Replacement Projects – In some cases, there may be situations where anticipated CIP projects will create new infrastructure or there may be projects that are considered so significant in nature that the entire infrastructure is replaced or built as new. Recent examples

of this include the Leo J. Ryan Park renovation project, the new Teen Center, and the installation of synthetic turf fields at existing City parks.

- Recurring Capital Improvement Projects – Some CIPs are considered “recurring,” such as significant repair work, including 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 enterprise fund; and, 2) the EMID 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 (See Item 4.2.3).

## **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 Boulevard/Marina Lagoon overcrossing, Foster City Boulevard/Highway 92 Overpass, Vintage Park/Highway 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 48 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 category 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 (Building 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 project (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) starting in the current fiscal year.
- 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. Grant funds, if successfully obtained, would replace the funds identified in this analysis.

#### **Street-Related Funding (Attachment B)**

- Measure A – This is a sales tax based allocation. A conservative assumption of \$666,800 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 \$142,900 based on forecasts from the State.

- 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 annual funding requirement necessary to maintain

the minimum \$2 million reserve throughout the 10-year forecast is \$1,255,000.

### **Streets-Related Funding**

In the attached analysis, there is a deficiency in revenues and existing reserves to fund future Streets projects. Accordingly, the annual funding requirement is \$645,000 from the City's General Fund 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:

- Funding for the 10-year forecast is increasing by approximately \$2.2 million (\$42.4 million for the current 10-year cycle vs. \$40.2 million for the FY 2017-2018 10-year cycle). There is an increase in the cost of annual pavement work necessary to maintain a Pavement Condition Index of approximately 82, a lagoon pump project identified in FY 2026-2027, and various maintenance projects associated with City facilities (see Attachment D – 10 Year CIP comparison).
- 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 on July 1, 2017 of \$1,681,470.
- 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.

As was presented at the February 13, 2017 City Council special meeting in the preparation of the FY 2017-2018 annual budget and 5-year financial plan, staff discussed a new funding model for long-term CIP using a 4-year rolling strategy. Funding would come from the City's excess reserves (unassigned General Fund Balance over and above 50% of the General Fund's annual operating expenditures). A separate staff report updating the City's General Fund Reserve Policy would authorize the City Manager to make a recommendation to the City Council to approve a transfer of \$7.6 million (\$1,900,000 [\$1,255,000 plus \$645,000] x 4 years) as part of annual budget process. If the updated General Fund Reserve Policy is approved by the City Council, staff will bring forward a resolution at the June 5, 2017 City Council regular meeting to formally effectuate the transfer. Such a transfer would not preclude the City

Council to transfer any of the \$7.6 million that has not been encumbered back to the General Fund if the City Council felt so inclined.

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

City Capital Investment Funding

Funding Strategy  
10-Year Fund Balance Analysis

	Fund Balance Analysis - 10-Year Forecast										Total
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Cash Flow
<b>Beginning Fund Balance (1)</b>	1,696,118	7,020,768	7,197,168	7,104,168	7,083,368	4,476,868	3,585,026	3,266,722	4,559,422	5,088,422	1,696,118
Less: Capital Improvement Expenditures from 10-Year Forecast	(4,193,415)	(3,927,500)	(1,550,000)	(1,390,000)	(3,950,000)	(2,475,000)	(1,677,654)	(45,000)	(814,000)	(4,174,000)	(24,196,569)
Add: Funding Available from Other Non-General Fund Sources											
Park in Lieu Fees (2)	2,078,500	740,100	7,500	6,500	6,600	15,458	-	-	-	-	2,854,658
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	-	450,000
Developer Deposits (4)	-	-	-	-	-	-	-	-	-	-	-
Repayment of City CIP Funds advanced for Levee Project (4)	6,077,465	2,000,000	-	-	-	-	-	-	-	-	8,077,465
Building Maintenance Fund (5)	-	-	87,500	-	-	242,000	34,750	-	-	71,000	435,250
Interest Income (6)	57,100	58,800	57,000	57,700	31,900	20,700	19,600	32,700	38,000	9,100	382,600
Add: Annual Long-Term CIP Funding from City General Fund (A)	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	3,675,000	36,750,000
Increase (Decrease) to Annual Long-Term CIP Funding from City General Fund due to Excess / Deficiency of Reserves (B)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(2,420,000)	(24,200,000)
<b>Ending Fund Balance</b>	7,020,768	7,197,168	7,104,168	7,083,368	4,476,868	3,585,026	3,266,722	4,559,422	5,088,422	2,249,522	2,249,522
<b>Less Projected Park-In-Lieu Fund Balance (7)</b>	754,748	112,248	113,348	14,448	15,458	15,458	15,458	15,458	15,458	15,458	15,458
<b>Less Minimum Fund Balance Requirement (8)</b>	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
<b>Excess Fund Balance Over Minimum Requirement</b>	<b>4,266,020</b>	<b>5,084,920</b>	<b>4,990,820</b>	<b>5,068,920</b>	<b>2,461,410</b>	<b>1,569,568</b>	<b>1,251,264</b>	<b>2,543,964</b>	<b>3,072,964</b>	<b>234,064</b>	<b>234,064</b>
<b>Net Annual Long-Term CIP Funding from City General Fund (A) - (B)</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	<b>1,255,000</b>	

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	14,648
City CIP	1,681,470
<b>Total</b>	<b>1,696,118</b>

(2) - Park-In-Lieu Fees generated from various development projects per the analysis provided at the March 27, 2017 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 (CIP 301-659) commencing FY 2016-2017 for 10 years

(4) - Repayment of City CIP funds advanced for Levee Project through 6/30/18. Additional City CIP advances may be necessary in FY 18/19, but financing is also expected to occur in FY 17/18 (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.

(5) - Building Maintenance funding for City facilities maintenance projects.

(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 27, 2017 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
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Beginning Fund Balance (1)</b>	2,067,501	2,287,501	2,527,601	2,788,201	3,070,001	3,373,501	3,459,902	3,302,960	3,669,460	41,010	2,067,501
Less: Capital Improvement Expenditures from 10-Year Forecast	(1,350,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,587,599)	(1,849,442)	(1,350,000)	(5,346,550)	(1,350,000)	(18,233,591)
Add: Funding Available from Other Non-General Fund Sources											-
Measure A Revenues (2)	666,800	679,600	692,600	705,900	719,500	733,900	748,600	763,600	778,900	794,500	7,283,900
Gas Tax 2103 Revenues (3)	142,900	145,800	148,700	151,700	154,700	157,800	161,000	164,200	167,500	170,900	1,565,200
Measure M Revenues (4)	108,100	110,300	112,500	114,800	117,100	119,400	121,800	124,200	126,700	129,200	1,184,100
Interest Income (5)	7,200	9,400	11,800	14,400	17,200	17,900	16,100	19,500	-	-	113,500
Add: Annual Long-Term CIP Funding from City General Fund (A)	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	2,468,000	24,680,000
Increase (Decrease) to Annual Long-Term CIP Funding from City General Fund due to Excess / Deficiency of Reserves (B)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(1,823,000)	(18,230,000)
<b>Ending Fund Balance</b>	2,287,501	2,527,601	2,788,201	3,070,001	3,373,501	3,459,902	3,302,960	3,669,460	41,010	430,610	430,610
<b>Less Minimum Fund Balance Requirement</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Excess Fund Balance Over Minimum Requirement</b>	<b>2,287,501</b>	<b>2,527,601</b>	<b>2,788,201</b>	<b>3,070,001</b>	<b>3,373,501</b>	<b>3,459,902</b>	<b>3,302,960</b>	<b>3,669,460</b>	<b>41,010</b>	<b>430,610</b>	<b>430,610</b>
<b>Net Annual Long-Term CIP Funding from City General Fund (A) - (B)</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	<b>645,000</b>	

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 the Mid-Year Financial Review:

Measure A	853,958
Gas Tax 2103	1,213,543
Measure M	-
<b>Total</b>	<b>2,067,501</b>

(2) - Measure A revenues are currently (FY 16/17) estimated at \$654,300, assumption is that revenues will increase by approximately 2% annually.

(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 the latest State estimates, the City will receive \$142,900 in FY 17/18. There are no assumptions of increases in the out years.

(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	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Streets											
Pavement Management (see separate analysis)	13,500,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Sidewalks, Curbs and Gutters	-	-	-	-	-	-	-	-	-	-	-
Traffic Study	-	-	-	-	-	-	-	-	-	-	-
Street Lights	-	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4,733,591	-	-	-	-	-	237,599	499,442	-	3,996,550	-
<b>Subtotal - Street Projects Eligible for Funding from Transportation-related Revenue Sources (2)</b>	<b>18,233,591</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,587,599</b>	<b>1,849,442</b>	<b>1,350,000</b>	<b>5,346,550</b>	<b>1,350,000</b>
Bridges	250,000	-	-	-	-	250,000	-	-	-	-	-
Lagoon Structures	1,142,404	-	150,000	-	-	-	-	492,404	-	-	500,000
Levee	4,000,000	2,000,000	2,000,000	-	-	-	-	-	-	-	-
Parks	17,052,500	1,965,000	1,777,500	1,150,000	1,390,000	3,700,000	1,797,000	885,000	-	814,000	3,574,000
Traffic Improvements Lincoln/3rd	-	-	-	-	-	-	-	-	-	-	-
Buildings	1,751,665	228,415	-	400,000	-	-	678,000	300,250	45,000	-	100,000
<b>Subtotal - Other Projects Funded from City Capital Investment Fund (2)</b>	<b>24,196,569</b>	<b>4,193,415</b>	<b>3,927,500</b>	<b>1,550,000</b>	<b>1,390,000</b>	<b>3,950,000</b>	<b>2,475,000</b>	<b>1,677,654</b>	<b>45,000</b>	<b>814,000</b>	<b>4,174,000</b>
<b>Totals</b>	<b>42,430,160</b>	<b>5,543,415</b>	<b>5,277,500</b>	<b>2,900,000</b>	<b>2,740,000</b>	<b>5,300,000</b>	<b>4,062,599</b>	<b>3,527,096</b>	<b>1,395,000</b>	<b>6,160,550</b>	<b>5,524,000</b>
<b>Rounded</b>											
<b>Average 10 Year Funding</b>	<b>4,243,016</b>	<b>4,243,000</b>									
- Streets Funded Portion	1,823,359	1,823,000	(To Attachment B)								
- City Capital Investment Funded Portion	2,419,657	2,420,000	(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 2016/17 - 2025/26	Ten Year Period 2017/18 - 2026/27	Increase (Decrease)	Notes
Streets	17,153,591	18,233,591	1,080,000	1
Bridges	250,000	250,000	-	2
Lagoon Structures	632,404	1,142,404	510,000	3
Levee	2,500,000	4,000,000	1,500,000	4
Parks	18,108,800	17,052,500	(1,056,300)	5
Traffic Improvements Lincoln/3rd	626,175	-	(626,175)	6
Buildings	910,408	1,751,665	841,257	7
	40,181,378	42,430,160	2,248,782	

Detailed Analysis:	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Streets)	
Increase in costs for annual pavement work need to maintain PCI of 82	1,750,000
Non-recurring comprehensive citywide traffic study for FY 16/17	(325,000)
Non-recurring 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)
	1,080,000
Note 2 (Bridges)	
No change	-
Note 3 (Lagoon Structures)	
Increase in estimated cost of seismic improvements at lagoon pump station from \$140,000 to \$150,000	10,000
Upgrade of lagoon pumps in FY 26/27	500,000
	510,000
Note 4 (Levee)	
Funding for engineering design work and construction to be temporally advanced by the General Fund and reimbursed upon receipt of proceeds from permanent financing.	1,500,000
Note 5 (Parks)	
Based on staff's assessment for replacement/refurbishment of parks assets using recent park and synthetic turf projects. See Attachment F for analysis of 10 year Parks CIP	(1,057,000)
(Note 6 (Traffic Improvements Lincoln/3rd)	
Non-recurring FY 16/17 Traffic Improvements at Lincoln Center Drive and 3rd Ave for Biomed project (funded by Biomed)	(626,000)
Note 7 (Buildings)	
Library Water Report for FY 17/18	120,000
Reduction of costs (compared to the prior year) in final phase of Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement.	(39,000)
Extend Replacement of Vehicle Maintenance, Workshop, and control room buildings and Corp Yard gate from FY 23/24 to FY 28/29	(763,000)
Maintenance/replacement of various City facilities including roofs, painting, carpeting/flooring, HVAC	1,523,000
	2,248,000

Facility Maintenance Projects	FY	Amount
City facility paint	2019/20	310,000
Police station HVAC	2019/21	90,000
Government Center HVAC	2022/23	600,000
Police Station Roof	2022/23	78,000
Council Chambers Zinc/Top Roofing	2023/24	115,000
Recreation Center / Senior Wing Painting	2023/24	76,000
Teen Center Painting Interior	2023/24	60,000
PD Painting Interior	2023/24	49,000
Council Chambers carpeting	2024/25	45,000
Govt Center Painting Exterior	2026/27	100,000
Total		1,523,000



	A	B	M	N	O	P	Q
	FISCAL YEAR	PROJECT NAME	Expected Useful Life	Last year's Total Budget w/Inflation & Contingency	This year's Total Budget w/Inflation & Contingency	Difference	NOTES:
1							
2							
3	2016-2017						
4	CIP 659	S-1, S-2, B-1 Synthetic Turf	10 yrs	\$ 3,275,000			No change
5	CIP 659	Catamaran Turf Replacement	10 yrs	\$ 200,000			No change
6	FY Totals			\$ 3,475,000	\$ -	\$ -	No change
7							
8	2017-2018						
9		Tennis Courts Resurfacing: (4) Tennis Courts Boothbay (2) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater (6) Pickle Ball Court - Recreation Center Basket Ball Courts: Shad, Sunfish, Turnstone, Boothbay, Port Royal, Ketch	7 yrs	\$ 252,000	\$ 275,000	\$ 23,000	Add Pickle Ball Courts, lines and nets
10		Dog Park Synthetic Turf Replacement	8 yrs	\$ 310,000	\$ 375,000	\$ 65,000	Add Fencing
11		Edgewater Park Concrete Repl.	40 yrs	\$ -	\$ 215,000	\$ 215,000	New CIP added
12		Playground ADA Compliance Project - Gull	50 yrs	\$ 343,000	\$ 550,000	\$ 207,000	Increase based on adding synthetic surfacing. Newly attained estimates for both Gull & Marlin
13		Playground ADA Compliance Project - Marlin	50 yrs	\$ 250,000	\$ 550,000	\$ 300,000	
14	FY Totals			\$ 1,155,000	\$ 1,965,000	\$ 810,000	
15	2018-2019						
16		Large Park Sign Replacement/Installation (10)	25 yrs	\$ 265,000	\$ 130,000	\$ (135,000)	Lowered Budget based on last years expenses
17		Parks System Master Plan Study			\$ 257,500	\$ 257,500	New CIP added
18		Family Playground at Boothbay Park	50 yrs	\$ 1,070,000	\$ 1,390,000	\$ 320,000	Update scope of work
19	FY Totals			\$ 1,335,000	\$ 1,777,500	\$ 442,500	
20	2019-2020						
21		ADA upgrades - Farragut, Killdeer, Shad, Sunfish playgrounds replacement		\$ 328,000	\$ 350,000	\$ 22,000	Add Fencing
22		Replacement of Synthetic Surfaces at Amphitheatre, Boat Park & Rec.Center Boardwalks/ Boathouse	15 yrs	\$ 792,000	\$ 800,000	\$ 8,000	Inflation increase
23	FY Totals			\$ 1,120,000	\$ 1,150,000	\$ 30,000	
24	2020-2021						
25		Arcturus Park Renovation	50 yrs	\$ 616,000	\$ 625,000	\$ 9,000	Inflation increase
26		Pompano Conversion Tennis Courts Resurfacing: (3) Edgewater (2014) (2) Catamaran Park (2014) Basketball Courts: Catamaran (2014), Teen Ctr., Edgewater.	50 yrs	\$ 459,000	\$ 565,000	\$ 106,000	Increase based on latest estimate
27			7 yrs	\$ 200,000	\$ 200,000	\$ -	No change
28	FY Totals			\$ 1,275,000	\$ 1,390,000	\$ 115,000	
29	2021-2022						
30		Parking Lot Resurfacing: Civic Center and South Drive; Police Station; Port Royal; Boat Park; Library/Community Center; Rec. Ctr. & South Parking lot; Senior Center; Boothbay; Sea Cloud Large lot; small lot. (ALL 2014)	7 yrs	\$ 607,200	\$ 600,000	\$ (7,200)	Re-Evaluated Scope and estimated cost based on recent resurfacing project
31							
32		Park Pathways Resurfacing	11 yrs	\$ 552,000	\$ 550,000	\$ (2,000)	
33		Boardwalk Refinishing (Ryan)	5 yrs	\$ 55,200	\$ 50,000	\$ (5,200)	
34		Killdeer Park Renovation	50 yrs	\$ 1,104,000	\$ 2,500,000	\$ 1,396,000	Increase based on latest park projects
35		Levee Landscape - by Port Royal	50 yrs	\$ 138,000	\$ -	\$ (138,000)	To be included in Public Works Levee Improvement Project
36	FY Totals			\$ 2,456,400	\$ 3,700,000	\$ 1,243,600	
37	2022-2023						
38		Synthetic Fields Resurfacing (S-4 & Port Royal)	10 yrs	\$ 1,132,800	\$ 1,797,000	\$ 664,200	Based on latest Synthetic Surface estimate
39		Shad Park Renovation	50 yrs	\$ 1,132,800	\$ -	\$ (1,132,800)	Moved to FY 2027-2028
40		ADA upgrades - Gull Tot-lot		\$ 141,600	\$ -	\$ (141,600)	Based on 2017 Gull project
41							
42	FY Totals			\$ 2,407,200	\$ 1,797,000	\$ (610,200)	
43	2023-2024						
44		Turnstone Park Renovation	50 yrs	\$ 1,161,600	\$ -	\$ (1,161,600)	Moved to FY 2027-2028
45		Synthetic Surface Softball & Soccer field Edgewater Park	10yrs	\$ 726,000	\$ 885,000	\$ 159,000	Based on latest synthetic turf estimate
46	FY Totals			\$ 1,887,600	\$ 885,000	\$ (1,002,600)	
47	2024-2025						
48		Sunfish Park Renovation	50 yrs	\$ 1,190,400	\$ -	\$ (1,190,400)	Moved to FY 2027-2028
49	FY Totals			\$ 1,190,400	\$ -	\$ (1,190,400)	
50	2025-2026						
51		Gull Park Renovation	50 yrs	\$ 1,219,200	\$ -	\$ (1,219,200)	Moved to FY 2027-2028
52							
53		Dog Park Synthetic Turf Replacement	8 yrs	\$ 283,200	\$ 504,000	\$ 220,800	Will replace in FY 2017-2018. Based on latest synthetic surface estimate, aging infrastructure and project replacement extended out from 2022-2023.
54		Tennis Courts Resurfacing: (4) Tennis Courts Boothbay (2) Tennis Courts Leo J. Ryan (2) Tennis Courts Edgewater (6) Pickle Ball Court - Recreation Center Basket Ball Courts: Shad, Sunfish, Turnstone, Boothbay, Port Royal, Ketch	7 yrs	\$ 304,800	\$ 310,000	\$ 5,200	Rounding
55	FY Totals			\$ 1,807,200	\$ 814,000	\$ (993,200)	
56	2026-2027						
57		S-1, S-2, B-1 Synthetic Turf Resurfacing	10 yrs		\$ 1,429,000	\$ 1,429,000	Based on latest synthetic turf estimate
58		Synthetic Fields Re-surfacing (Catamaran & S-3)	10 yrs		\$ 1,588,000	\$ 1,588,000	Based on latest synthetic turf estimate
59		Boardwalk Refinishing (Ryan)	5 yrs		\$ 80,000	\$ 80,000	Based on latest synthetic turf estimate
60		Central Irrigation System (CIS) Replacement 1) Park Controllers, 2) Computer Hardware, 3) Software, 4) Communication Components	10 yrs		\$ 477,000	\$ 477,000	
61	FY Totals			\$ -	\$ 3,574,000	\$ 3,574,000	
62	10-Year Totals	FY Ending 2018-2027		\$ 18,108,800	\$ 17,052,500	\$ (1,056,300)	



DATE: March 27, 2017

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

VIA: Kevin M. Miller, District Manager

FROM: Edmund Suen, Finance Director  
Jeff Moneda, Public Works Director/District Engineer

SUBJECT: LONG-TERM CAPITAL IMPROVEMENT PROJECT FUNDING - WATER AND WASTEWATER ENTERPRISE FUNDS - FY 2017-2018 TO FY 2026-2027

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### RECOMMENDATION

It is recommended that the Estero Municipal Improvement District (EMID) Board of Directors (hereinafter referred to as "EMID Board") review the updated analysis and provide direction regarding the Long-Term Capital Improvement Project (CIP) Funding program for the Water and Wastewater Enterprise Funds.

### EXECUTIVE SUMMARY

In 2010, the EMID 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 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. The Capital Improvement Reserve balances in both the Water and

Wastewater funds have been taken into consideration in determining the funding necessary to ensure that the reserve balances stay above the minimum \$2 million emergency reserve level in both 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 wastewater treatment plant (WWTP) system 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 \$119 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 2017-2018 Water and Wastewater Rate Models that are also on the agenda for consideration this evening under the assumption that the EMID Board would continue its policy of incorporating these long-term CIP projects in the 10-year rate model (See Item 4.3.1 & Item 4.3.2). Should the EMID 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 EMID 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 the City's water and wastewater rate model to include the fiscal impacts of the WWTP project on the 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

#### 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

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 ), 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 \$119 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 \$401,000 for Water Infrastructure, and \$1,598,000 for Wastewater Infrastructure (excluding WWTP, which is to be funded by wastewater rates and financed via State Revolving Loans and/or Revenue Bonds).

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 EMID 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 \$5.9 million will be funded through a borrowing of monies from the Wastewater Reserve balance through 6/30/17 and will be repaid in FY 2017-2018 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:

- Funding for the 10-year forecast for the Water CIP Plan (\$4.2 million for the current 10-year cycle vs. \$4.0 million for the FY 17-18 10-year cycle) is essentially unchanged. Funding for the Wastewater CIP Plan is increasing by approximately \$3.3 million (\$12.7 million for the current 10-year cycle vs. \$16.0 for the FY 17-18 10-year cycle) due to the addition of Phase VII for Lift Station improvements. Master Plan studies for both the water distribution system and the wastewater collection system are included in the current fiscal year. Upon completion, they will provide evaluations on the condition of each respective system for the development of next year's 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, 2017 will be \$5.0 million. In the case of the Wastewater CIP Fund, it is anticipated that the reserve at July 1, 2017 will be \$4.8 million.

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

Staff seeks EMID 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



**Estero Municipal Improvement District**  
**Long-Range CIP Planning**  
**10-Year Forecasts and Funding Options**  
**FY 2017-2018 through FY 2026-2027**

**Attachment A-1**

**Water Enterprise Fund**

**Funding Strategy**  
**10-Year Fund Balance Analysis**

	<b>Fund Balance Analysis - 10-Year Forecast</b>										10 year Total
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Beginning Fund Balance</b>	4,998,797	4,595,797	4,800,797	2,105,797	2,310,797	2,515,797	2,620,797	2,725,797	2,830,797	2,935,797	4,998,797
Less: Capital Improvement Expenditures	(608,000)		(2,900,000)	-	-	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(4,008,000)
Add: Annual Long-Term CIP Funding from Operations (1)	606,000	606,000	606,000	606,000	606,000	606,000	606,000	606,000	606,000	606,000	6,060,000
Increase (Decrease) to Annual Long-Term CIP Funding due to Excess / Deficiency of Reserves (2)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(401,000)	(4,010,000)
<b>Ending Fund Balance</b>	4,595,797	4,800,797	2,105,797	2,310,797	2,515,797	2,620,797	2,725,797	2,830,797	2,935,797	3,040,797	3,040,797
<b>Less Minimum Fund Balance Requirement</b>	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
<b>Excess Fund Balance Over Minimum Requirement</b>	<b>2,595,797</b>	<b>2,800,797</b>	<b>105,797</b>	<b>310,797</b>	<b>515,797</b>	<b>620,797</b>	<b>725,797</b>	<b>830,797</b>	<b>935,797</b>	<b>1,040,797</b>	<b>1,040,797</b>
<b>Net Annual Long-Term CIP Funding from Operations (1) - (2)</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>205,000</b>	<b>2,050,000</b>

**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

## Funding Strategy

### 10-Year Capital Expenditure Requirements

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

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**Estero Municipal Improvement District**  
**Long-Range CIP Planning**  
**10-Year Forecasts and Funding Options**  
**FY 2017-2018 through FY 2026-2027**

**Attachment B-1**

**Wastewater Enterprise Fund**

**Funding Strategy**  
**10-Year Fund Balance Analysis**

	Fund Balance Analysis - 10-Year Forecast										10 year
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>Beginning Fund Balance</b>	4,823,841	10,426,841	11,206,841	11,986,841	12,166,841	7,546,841	8,326,841	7,332,841	7,834,841	7,797,841	4,823,841
Less: Capital Improvement Expenditures	(1,108,000)	-	-	(600,000)	(5,400,000)	-	(1,774,000)	(278,000)	(817,000)	(6,000,000)	(15,977,000)
Add: Repayment of Loans from Reserves for WWTP Project (C)	5,931,000	-	-	-	-	-	-	-	-	-	5,931,000
Add: Annual Long-Term CIP Funding from Operations (1)	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	2,378,000	23,780,000
Increase (Decrease) to Annual Long-Term CIP Funding due to Excess / Deficiency of Reserves (2)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(1,598,000)	(15,980,000)
<b>Ending Fund Balance</b>	10,426,841	11,206,841	11,986,841	12,166,841	7,546,841	8,326,841	7,332,841	7,834,841	7,797,841	2,577,841	2,577,841
<b>Less Minimum Fund Balance Requirement</b>	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
<b>Excess Fund Balance Over Minimum Requirement</b>	<b>8,426,841</b>	<b>9,206,841</b>	<b>9,986,841</b>	<b>10,166,841</b>	<b>5,546,841</b>	<b>6,326,841</b>	<b>5,332,841</b>	<b>5,834,841</b>	<b>5,797,841</b>	<b>577,841</b>	<b>577,841</b>
<b>Net Annual Long-Term CIP Funding from Operations (1) - (2)</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>

**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 totaling \$1,543,640 through 6/30/16 and an anticipated loan of \$4,387,860 from the Wastewater Fund Balance for the WWTP project to be repaid in FY 17/18. Projected FY 18/19 WWTP expenditures of \$12,345,628 are anticipated to 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	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pipelines	300,000	-	-	-	-	-	-	300,000	-	-	-
Valves	969,000	-	-	-	-	-	-	474,000	278,000	217,000	-
Lift Stations (excl. Generators)	12,600,000	-	-	-	600,000	5,400,000	-	-	-	600,000	6,000,000
Sanitary Sewer System Improvements	2,000,000	1,000,000	-	-	-	-	-	1,000,000	-	-	-
Master Plan Study	-	-	-	-	-	-	-	-	-	-	-
Buildings	108,415	108,415	-	-	-	-	-	-	-	-	-
Waste Water Treatment Plant <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>15,977,415</b>	<b>1,108,415</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>5,400,000</b>	<b>-</b>	<b>1,774,000</b>	<b>278,000</b>	<b>817,000</b>	<b>6,000,000</b>
<b>Average 10 Year Funding</b>	<b>1,597,742</b>										
say	<b>1,598,000</b>										
<b>Wastewater Treatment Plant <sup>1</sup></b>	<b>109,294,876</b>	<b>12,345,628</b>	<b>16,165,083</b>	<b>32,725,346</b>	<b>31,338,708</b>	<b>11,930,884</b>	<b>2,515,734</b>	<b>869,586</b>	<b>704,549</b>	<b>699,358</b>	<b>-</b>

**NOTE:**

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

<sup>1</sup> The District is a 25% joint owner with the City of San Mateo (75% owner) of a wastewater 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 \$119 million (\$9.7 million through 6/30/17 plus \$109.3 million from FY 17/18 to FY 25/26) . 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 5-year update of the District's wastewater rate structure.

**10-Year CIP Comparison**

	Ten Year Period 2016/17 - 2025/26	Ten Year Period 2017/18 - 2026/27	Increase (Decrease)	Notes
<b>Water Enterprise:</b>				
Asset Category				
Water Distribution Master Plan Study	250,000	-	(250,000)	1
Buildings	147,833	108,415	(39,418)	2
Water Infrastructure/Structures	3,820,000	3,900,000	80,000	3
Total	4,217,833	4,008,415	<u>(209,418)</u>	
<b>Wastewater Enterprise:</b>				
Asset Category				
Buildings	147,833	108,415	(39,418)	2
Wastewater Collection System Master Plan Study	250,000	-	(250,000)	4
Pipelines	300,000	300,000	-	5
Valves	969,000	969,000	-	5
Lift Stations (excluding generators)	9,286,000	12,600,000	3,314,000	6
Sanitary Sewer System Improvements	1,750,000	2,000,000	250,000	7
	12,702,833	15,977,415	<u>3,274,582</u>	

	Increase (Decrease) Rounded to nearest \$1,000
<b>Detailed Analysis:</b>	
<b>Water Enterprise</b>	
Note 1 (Water Distribution Master Plan Study)	
Non-recurring FY 16/17 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)	
Reduction of costs (compared to the prior year) for final phase of Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement. Project costs are shared equally between General Fund, Water and Wastewater Funds	(39,000)
Note 3 (Water Infrastructure/Structures)	
Increase in estimated cost for FY 18/19 Seismic Improvement at Water Booster Pump Station Project from \$70,000 to \$100,000	30,000
Increase in estimated cost for the Removal and Recoating of Water Tanks 1, 2, and 3 Project from \$2.45 million to \$2.5 million	50,000
<b>Total Increase (Decrease) for Water Enterprise 10-Year CIP</b>	<u><b>(209,000)</b></u>
<b>Wastewater Enterprise:</b>	
Note 2 (Buildings)	
Reduction of costs (compared to the prior year) for final phase of Corporation Yard Improvements including locker room, shower room, Kitchen/lunch room, gates, and roof replacement. Project costs are shared equally between General Fund, Water and Wastewater Funds	(39,000)
Note 4 (Wastewater Collection System Master Plan Study)	
Non-Recurring FY 16/17 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 (Pipelines and Valves)	
No Change	-
Note 6 (Lift Stations)	
Update of cost estimate for Phase VI of Lift Station Improvements and addition of Phase VII of Lift Station Improvements	3,314,000
Note 7 (Force Mains)	
Increase in sanitary sewer improvements over the 10 year period	250,000
<b>Total Increase (Decrease) for Wastewater Enterprise 10-Year CIP</b>	<u><b>3,275,000</b></u>



DATE: March 27, 2017

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

VIA: Kevin M. Miller, District Manager

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

SUBJECT: REVIEW OF PROJECTED WATER RATES FOR FY 2017-2018;  
POLICY DIRECTION FOR RATE NOTIFICATION UNDER  
PROPOSITION 218

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### RECOMMENDATION

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

1. Review and approve the proposed water rates for FY 2017-2018 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 2017-2018 that will be noticed to all rate payers under the requirements of Proposition 218.

### EXECUTIVE SUMMARY

The District engaged Bartle Wells Associates (BWA) to develop 10-year financial projections for the District's Water Enterprise and to recommend water rate increases for FY 2017-2018. BWA last conducted formal rate studies in 2016, which resulted in a one-year rate approval for water rates for FY 2016. The Water enterprise is currently in good financial shape and its water service rates remain in the lower range compared to other agencies on the Bay Area Peninsula. The District has a relatively young infrastructure for the water enterprise and is currently debt-free.

As of July 1, 2016, 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 2016, the Operating Reserve balance was \$2,916,163 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 2015-2016, the overall water consumption decreased by 14% compared to FY 2014-2015.

Through diligent budgeting, financial management, and cost controls, EMID is committed to providing cost efficient high-quality services. Based on this standard, several factors influence the water rate adjustment proposals for Fiscal Year 2017 and the next four fiscal years. They include the following:

- Increased Cost of Wholesale Water from the San Francisco Public Utility Commission (SFPUC): The cost of purchasing water from the SFPUC will increase from \$4.05 (incorporated in the District’s FY 2017 rates) to \$4.10 (in FY 2018) per hundred cubic feet (ccf), a 1.2% increase.
- Bay Area Water Supply and Conservation Agency (BAWSCA) Surcharge: The District will continue to make annual payments to BAWSCA for capital improvement costs associated with the Water System Improvement Project (WSIP). Those projected costs will be \$929,000 for FY 2017-2018.
- Capital Funding: EMID’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 over the next 10 years. The proposed rate projections include a transfer out of \$205,000 for FY 2017-2018.
- Water Loss: Historically, a 2% water loss estimate was incorporated into the water rate formula. A faulty meter was recently replaced within the SFPUC water distribution system and the correction revealed that actual water losses are closer to 7%, which is more in line with an industry standard of 10%. The increased water loss costs will be incorporated into the rate proposal.
- Conservation Costs: Staff is recommending that the EMID Board of Directors allocate \$200,000 to the Water Sustainability Rebate Program for FY 2017-2018 to continue to support water conservation.
- Operational Costs: Draft operations and maintenance projections assume 2.5% annual cost increase to keep revenues in line with operating expenses (excluding

wholesale water purchases).

- **Low Income Discount Program:** Per City Council request, BWA examined the potential for implementing a rate discount for low-income customers to help offset the impact of increasing water rates. Should EMID choose to implement such a discount, non-rate sources of revenue must be used to offset the cost to maintain compliance with California Proposition 218. A \$5/month discount would cost approximately \$14,000 per year. Since the cost for this program would be paid for from revenue that is not generated from water rate payments, the costs will not impact rate-payers.

#### Proposed Water Rates FY 2017 – FY 2021

The table below shows the 5-year projection of water rates for EMID Board consideration. Water bills include both a fixed monthly charge based on meter size, plus a water consumption charge based on each customer's metered water use. The fixed monthly charge represents a flat rate charged to each customer for water delivery to their homes or business service lines, and is based upon the size of water meter.

Recommended Rates		Current Rates	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Monthly Meter Charge</b>							
3/4"		\$18.90	\$19.85	\$21.15	\$21.65	\$22.05	\$22.40
1"		31.50	33.08	35.25	36.08	36.75	37.33
1-1/2"		75.60	79.40	84.60	86.60	88.20	89.60
2"		100.80	105.87	112.80	115.47	117.60	119.47
3"		220.50	231.58	246.75	252.58	257.25	261.33
4"		396.90	416.85	444.15	454.65	463.05	470.40
6"		882.00	926.33	987.00	1,010.33	1,029.00	1,045.33
8" or greater		1,512.00	1,588.00	1,692.00	1,732.00	1,764.00	1,792.00
<b>Conservation-Based Water Rate Model (based on bi-monthly allotments)</b>							
<b>Single Family Residential</b>							
Tier 1	0-20 per ccf	4.72	5.03	5.24	5.56	5.88	6.21
Tier 2	Over 20 ccf	5.95	6.06	6.30	6.65	6.92	7.21
<b>Multi-Family Residential (per living unit)</b>							
Tier 1	0-10 ccf per living unit	4.72	5.03	5.24	5.56	5.88	6.21
Tier 2	Over 10 ccf per living unit	5.93	5.62	5.85	6.19	6.48	6.79
<b>Irrigation Customers</b>							
Tier 1	<=100% of annual budget	4.72	5.03	5.24	5.56	5.88	6.21
Tier 2	>100% of annual budget	7.35	7.21	7.49	7.87	8.09	8.32
<b>Commercial and Fire Line Customers</b>							
Base Consumption Rate		4.97	5.15	5.36	5.69	6.01	6.33

**Table 1 - Proposed Water Rates FY 2017 - FY 2021**



The recommended increases would result in a \$3.43 per month increase for the average user in FY 2018. The rate study projects approximately \$3/month water rate increases for the average user are required each year over the next eight years. The following chart provides more information about how the proposed new rates impact the rate-payer.

Projected Water Bills	Current	Fiscal Year Ending June 30,					Extended Year Projection				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Two Tier Hybrid Model											
Single Family Residential Monthly Rate	\$66.66	\$60.09	\$63.07	\$66.13	\$69.09	\$72.08	\$75.37	\$78.69	\$81.69	\$84.36	\$85.09
\$ Increase		3.43	2.98	3.06	2.96	2.99	3.29	3.32	3.00	2.67	0.73
% Increase		6.1%	5.0%	4.9%	4.5%	4.3%	4.6%	4.4%	3.8%	3.3%	0.9%

*Based on Single Family Residential Use of 8 ccf*

**Table 2 - Impact of Proposed Water Rates on Rate-Payer**

Staff requests that the EMID Board of Directors 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 17, 2017 in compliance with the provisions of Proposition 218. A public hearing on and adoption of the proposed rates will occur at the June 5, 2017 EMID Board of Directors meeting in conjunction with the FY 2017-2018 Annual Budget Public Hearing. The new rates will become effective July 1, 2017.

## 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 8,144 water accounts that allow for water service and fire protection service. 83.5% of all accounts utilize ¾" water meters. Total water use decreased approximately 14% overall from FY 2014-2015 and FY 2015-2016. Single family residential use decreased by 21%, multi-family residential use decreased by 7%, commercial use decreased by 6%, and irrigation use decreased by 20% during that time period.

### 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 \$5.15/ ccf. for FY 2017-2018. 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 2017-2018 is recommended to be \$5.15 / 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 2017-2018 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.

### Long-Term Capital Improvements and Operating Reserves

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.

### 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 Loss

Water loss is defined as the difference between the amount of water sold and the amount of water delivered to the agency from SFPUC. While water agencies strive to reduce all water loss, some loss is unavoidable. Current EMID water rates are based on a 2% water loss formula, which means 98% of the water purchased is sold to its customers. The 2% water loss estimate was designed to be conservative, as historical data showed a positive loss from SFPUC purchases for many years due to inaccuracies with the SFPUC water supply meter. The faulty meter was recently replaced and the actual water purchase and sales data from FY 2016 revealed that water losses are

closer to 7%, which is more in line with an industry standard of 10%. The increased water loss costs will be incorporated into the proposed rate structure.

### Low Income Discount Program

Many communities have low income utility rate programs in place to assist their low or fixed income ratepayers. However, the programs vary greatly in both their structure and the amount of assistance they provide. A survey of discount rate programs in our region has been attached to this report for your reference. Some of the major considerations for establishing a program in Foster City are discussed below.

As the District has been advised from previous discussions regarding water rates, the Fourth District Court of Appeal issued an April 2015 opinion in *Capistrano Taxpayers Association v. City of San Juan Capistrano (2015)* holding that it is illegal to have one group of ratepayers paying more than the actual cost of services in order to subsidize another group of ratepayers. Concerns around the stipulations of Proposition 218 have led some water service providers to conclude that water affordability programs may lead to legal challenges if they are deemed a subsidy from one customer class to another and, therefore, are too risky. For this reason, staff would recommend that a water rate assistance program be funded using other eligible funds and not Water Enterprise Funds.

It is also imperative that the amount of available funding for a Low-Income Discount Program not be exceeded. Therefore, staff recommends establishing a maximum amount to be allocated to a program each fiscal year. If actual costs of the discount program approach the annual funding ceiling, the program should be temporarily suspended for the remainder of the fiscal year.

The communities that use General Funds for their subsidy programs usually provide assistance to all low-income residents or low-income seniors based on some qualifying income threshold. Most use the thresholds published annually by US Department of Housing and Urban Development (HUD) or the income eligibility criteria established by other utility assistance programs. The chart below identifies the latest San Mateo County Income limits per household size as established by HUD. In order to qualify as low-income, a household must not exceed the income limit that corresponds to the family size (number of residents) of your household. For a family of four, the combined **household** income must not be more than \$93,850. See chart below.

2016 SAN MATEO COUNTY (BASED ON HUD FEDERAL INCOME LIMITS FOR SMC)								
Income Category	1	2	3	4	5	6	7	8
Extremely Low (30% AMI)*	24,650	28,150	31,650	<b>35,150</b>	38,000	40,800	43,600	46,400
Very Low (50% AMI) *	41,050	46,900	52,750	<b>58,600</b>	63,300	68,000	72,700	77,400
HOME Limit (60% AMI) *	49,260	56,280	63,300	<b>70,320</b>	75,960	81,600	87,240	92,880
Low (80% AMI) *	65,700	75,100	84,500	<b>93,850</b>	101,400	108,900	116,400	123,900

None of the communities we surveyed provide assistance to residents based on age or other considerations, regardless of income. It should be noted that the median household income for Foster City is \$120,000. Therefore, it is unclear how many Foster City households would be eligible for assistance if a Low-Income Discount Program were established.

Should the City Council/Board of Directors choose to establish its own assistance program, staff recommends using existing eligibility requirements from other low-income assistance sectors to automatically enroll customers as a way to limit the administrative burden of verifying eligibility. There are many well-established programs to ensure that low-income households have affordable access to utility services for electricity, natural gas, and telecommunications, including California Alternate Rates for Energy (CARE), the California Life Line Program and others. A number of water rate assistance programs use the same program-enrollment eligibility as CARE or another public assistance program such as Medicaid/Medi-Cal, or Temporary Assistance for Needy Families (TANF). Because these programs have been around for many years and routinely collect income information, customers can apply for assistance from a water rate assistance program by simply submitting proof of enrollment to these programs. Additionally, low-income assistance programs usually include several requirements to ensure that assistance is being provided as intended. For example, applicants can't be named as a dependent on another person's federal or state tax return; income verification would be submitted every two years or sooner; and the water bill must be in the customer's name.

Unlike the billing structure for other utilities, most renters are not customers for District water and do not receive individual water bills. For eligible users to receive a rate assistance benefit, the landlord would have to be involved in the participation of any tenants in the program. Usually a landlord would agree in writing to provide the tenant

the resulting credit from the program as a credit to the renter's payment of rent and/or utilities. Adding renters to the program will likely require substantial administrative oversight of the landlord/tenant relationship as part of implementation. For this reason, staff recommends the Low-Income Discount Program exclude rental tenants of multi-family properties. As an alternative, water usage can be sub metered and a separate bill can be issued to tenants enrolled in the program. Staff would recommend that the cost for sub metering be paid by the property owner.

Based on the analysis contained in the BWA study, 680 customers are enrolled in the PG&E CARE Program in Foster City. Of those 680 customers, approximately 227 customers live in single family residential units. Assuming all the estimated 227 single-family household participated in the low-income assistance program, a \$5/month discount per household would cost approximately \$14,000 per year, plus administrative costs for the program.

### 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. The rate proposal for FY 2017 – 2018 includes an allocation of \$200,000 to continue the program.

### 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 water rates remain among the lowest on the Peninsula. The proposed monthly water charge for a single family residential unit would be increased from to \$56.66 to \$60.09, while the average monthly rate for the agencies surveyed is \$69.04.

### POLICY DIRECTION

Staff seeks EMID Board direction on the following policy issues:

#### 1. Water Rate Model

- Authorization to proceed with the water rate increase assumptions that reflect increases of 6.1% for residential customers, 3.62% for commercial customers, and

a 6.5% increase for irrigation customers, or as otherwise directed by the Board.

## 2. Water Sustainability Fund Rebate Programs

- Authorization to continue the Water Sustainability Fund budget of \$200,000 for FY 2017-2018 to support water conservation, or as otherwise directed by the Board.

## 3. Low-Income Discount Program

- Does the City Council and the Estero Municipal Improvement District Board wish to establish a Low-Income Discount Program for the City's Water Enterprise at a cost of \$14,000 for FY 2017-2018 to be paid for with general funds, or as otherwise directed by the Board?

## PROPOSITION 218 NOTIFICATION

Per the requirements under Proposition 218, the District will mail a notice to all ratepayers on or before April 17, 2017, based upon the EMID Board's policy direction this evening. Due to the complexity of the rate model changes being recommended, staff will prepare a user-friendly notice that also meets the Proposition 218 noticing requirements. A public hearing will be held and the rates adopted on June 5, 2017. The rates will go into effect on July 1, 2017.

It should be noted that between the notification date and the public hearing date, the EMID Board will receive the FY 2017-2018 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 2017-2018. At the public hearing, the EMID Board would have the option of reducing rates lower than what was noticed to ratepayers under Proposition 218 if budgetary estimates change, but it could not increase the rates above what was noticed.

Attachment:

Bartle Wells Associates Water Rate Study Results Memo

- 2017 Rate Study Water Tables and Rate Survey Comparison Analysis
- Survey of Discount Rate Programs

## **ATTACHMENT - WATER RATE STUDY RESULTS MEMO**



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

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Berkeley, CA 94703  
T: 510-653-3399  
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**DATE:** March 2nd, 2017

**TO:** City of Foster City/Estero Municipal Improvement District

**FROM:** Bartle Wells Associates – Douglas Dove and Michael DeGroot

**SUBJECT:** Water Rate Study Update Results

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### **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

#### **Introduction and Background**

The Estero Municipal Improvement District (District) engaged Bartle Wells Associates (BWA) to develop 10-year financial projections for the District's Water and Wastewater Enterprises and to recommend water and wastewater rate increases for the next five-year period. BWA last conducted formal rate studies in 2016, which resulted in a one-year rate approval for water and wastewater rates for FY 2016. The District is currently in good financial shape with water and wastewater service rates in the lower range compared to other agencies on the Peninsula. The District has a relatively young infrastructure for both enterprises and is currently debt free. The District faces unique infrastructure funding challenges in each enterprise.

#### **Water**

Currently, the San Francisco Public Utilities Commission (SFPUC), the sole source of water supply for the District, has released updated projections for their wholesale rate for water from \$4.05 incorporated in the District's FY 2017 rates to \$4.10 in FY 2018 per hundred cubic feet (ccf), a 1.2% increase.

The primary drivers for the rate increases are the costs associated with the \$4.6 billion Water System Improvement Project (WSIP) to upgrade the Hetch Hetchy Water System and SFPUC's projected wholesale water sales. The District will also continue to make annual payments, projected to be \$929,000 in FY 2018, to the Bay Area Water Supply and Conservation Agency (BAWSCA) for the WSIP capital improvements that were



funded through the issuance of bonds. The water enterprise's single largest cost is water purchases from SFPUC.

Current water rates are based on 2% water loss. That is, 98% of the water EMID purchases is sold to retail customers. The 2% water loss estimate was designed to be conservative, as historical data showed a positive loss from SFPUC purchases for many years. Actual water purchase and sales data from FY 2016 revealed realized water losses of approximately 7%.

Due to 5% greater water losses and a \$0.05/ccf higher SFPUC wholesale water rate, BWA recommends the District implement a 6.5% volumetric rate increases in FY 2018. Additionally, meter charges are recommended to be increased by 5% in FY 2018 to cover increasing operation and maintenance costs, as well as to meet the operating fund balance target.

Detailed water rate calculations are shown in APPENDIX E

### **Rate Surveys**

BWA conducted a water and wastewater rate survey of neighboring communities along the San Francisco Peninsula. The results of the water survey is summarized in APPENDIX C and the results of the wastewater survey is summarized in APPENDIX D.

The survey found that the District's water rates are among the lowest in the region. The average monthly water bill for the region (based on 8 ccf of monthly usage) is \$69.04 per month and the District's proposed average monthly residential water bill, under proposed rates is \$60.08 per month. With the proposed increase, the average Foster City water bill would be 13% less than the current average of neighboring communities.

The District's wastewater rates are also low amongst its comparator agencies. The average monthly bill among the comparator agencies is \$93.61 and the District's proposed monthly residential wastewater bills for FY 2018 is \$65.27 per month, or about 30% less than the average of the neighboring communities.

## Water Enterprise Fund

The District currently provides water service to a population of approximately 32,500. Most of the District's customers are residential. Table 1 shows the approximately 8,144 accounts/meters that allow for water service and fire protection service.

Table 1  
City of Foster City / Estero Municipal Improvement District  
Water Meters By Size

Data as of: 11/29/16

Meter Size	Accounts	Meter Ratio <sup>1,2</sup>	Est. Meter Equivalents <sup>3</sup>
<b>Water Service</b>			
3/4"	6,801	1.00	6,801
1"	416	1.67	693
1-1/2"	169	4.00	676
2"	377	5.33	2,011
3"	80	11.67	933
4"	51	21.00	1,071
6"	27	46.67	1,260
8" or greater	<u>18</u>	80.00	<u>1,440</u>
Subtotal	7,939		14,885
<b>Private Fire Protection Service</b>			
3/4"	1	1.40	1
1"	7	1.40	10
1-1/2"	3	1.40	4
2"	0	1.87	0
3"	2	4.08	8
4"	26	7.35	191
6"	97	16.33	1,584
8" or greater	<u>69</u>	28.00	<u>1,932</u>
Subtotal	205		3,731
Total	8,144		18,616

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.

Table 2 illustrates the current reserves that the District can draw down in case of emergency or to smooth any “rate shocks” to its customers.

BWA projected rate increases to meet the District’s 90-day operating fund reserve target in all projected years (estimated to be \$3.13 million in FY 2018.)

Table 2 City of Foster City / Estero Municipal Improvement District Water Enterprise Operating Reserves	
Fund Reserve Component	July 1, 2016
	Beginning Cash Balance
Reserved for Maintenance & Operation (401)	\$2,916,163
Total	\$2,916,163
Note: Rate model only includes fund reserve components available to fund ongoing operating expenditures.	

Source: City of Foster City/Estero Municipal Improvement District Staff

The wholesale water purchase rates that SFPUC is projecting over the next ten years are shown graphically in CHART A. The SFPUC also collects the BAWSCA Bond Surcharge from the District. The chart incorporates the BAWSCA Bond Surcharge estimated at \$0.53 cents per ccf. The SFPUC rates and BAWSCA surcharge combined are projected to increase from \$4.60/ccf (\$4.10 SFPUC + \$.50 BAWSCA) in FY 2017 to \$4.63 ccf (\$4.10 + \$.53 BAWSCA) in FY 2018.

CHART A

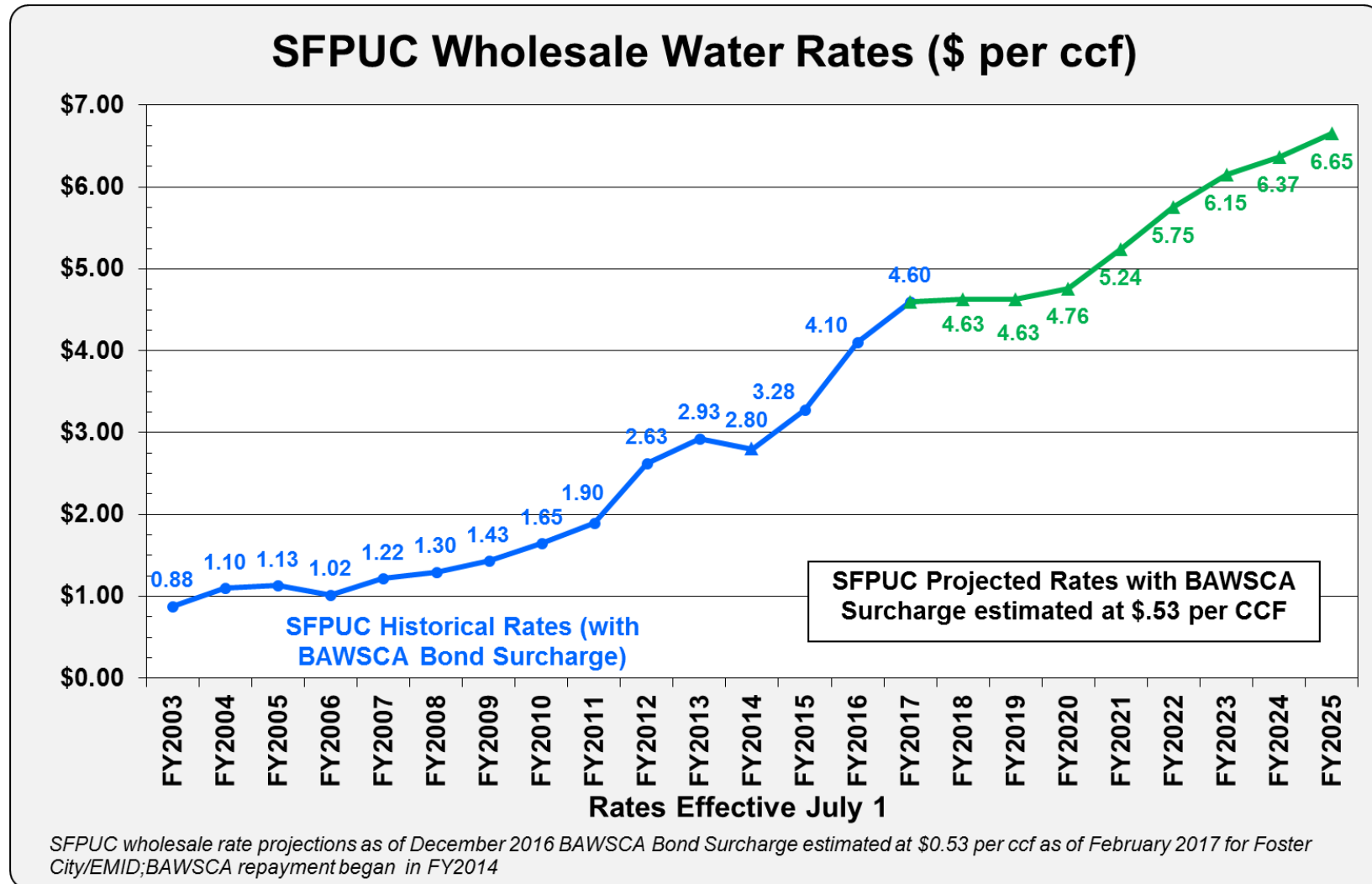


Table 3 summarizes the District's projected operating expenditures which are anticipated to increase over the next five years by 32%. The largest driver of the operating cost increases are the SFPUC wholesale water purchase rates.

Table 3  
City of Foster City / Estero Municipal Improvement District  
Water Enterprise O&M Projection

Expenditures	Five Year Projection (Prop 218)						Annual % Increase [1]
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
Employee Services	1,676,122	1,861,000	1,935,440	2,012,858	2,093,372	2,177,107	4.0%
Internal Services - Others	573,096	564,627	578,743	593,211	608,042	623,243	2.5%
Internal Services - ERF	288,277	322,593	330,658	338,924	347,397	356,082	2.5%
Services & Supplies	547,100	610,600	625,865	641,512	657,549	673,988	2.5%
SFPUC Water Purchases	6,723,000	7,248,000	7,314,000	7,611,000	8,541,000	9,540,000	varies
BAWSCA Bond Repayment	859,152	929,000	929,000	929,000	929,000	929,000	
Reallocation	997,903	994,873	1,019,745	1,045,238	1,071,369	1,098,154	2.5%
Capital Outlay	-	25,000	25,625	26,266	26,922	27,595	2.5%
<b>TOTAL O&amp;M Expenditures</b>	<b>11,664,650</b>	<b>12,555,693</b>	<b>12,759,075</b>	<b>13,198,009</b>	<b>14,274,652</b>	<b>15,425,169</b>	
		7.6%	1.6%	3.4%	8.2%	8.1%	

[1] Based on City/District Staff direction

Table 4 summarizes the current water rates. The District has variable expenditures which are expenditures that are impacted by the amount of water its customers consume. These costs must be recouped via its volumetric water charge, \$4.72 per ccf in FY 2017. Likewise the District's meter charges recover fixed expenditures, expenditures that are fixed regardless of amount of water that is consumed, \$18.90 for a ¾" meter in FY 2017.

The District has a two-tiered model for its residential customers where higher levels of water consumption are subject to higher water rates based on a proportionate share of conservation program costs. Commercial customers are charged a uniform rate, which includes commercial customer's proportionate share of conservation program costs.

For its irrigation customers, the District has worked with John Whitcomb of Waterfluence to assign each irrigation customer a water budget. Any water consumed above the irrigation customers allotted amount is subject to a higher Tier 2 rate based on each customer's share of conservation program costs.

Table 4  
City of Foster City / Estero Municipal Improvement District  
Current Rates

Current Rates		2017
<b>Fixed Meter Charge</b>		
<b>Monthly Meter Charge</b>		
<u>Meter Size</u>		
3/4"		\$18.90
1"		\$31.50
1-1/2"		\$75.60
2"		\$100.80
3"		\$220.50
4"		\$396.90
6"		\$882.00
8" or greater		\$1,512.00
<b>Bi-Monthly Water Consumption Tiers and Rates</b>		
<u>Single Family Residential</u>		
Tier 1	0-20 per ccf	\$4.72
Tier 2	Over 20 ccf	\$5.95
<u>Multi-Family Residential</u>		
Tier 1	0-10 ccf per living unit	\$4.72
Tier 2	Over 10 ccf per living unit	\$5.93
<u>Irrigation Customers</u>		
Tier 1	<=100% of annual budget	\$4.72
Tier 2	>100% of annual budget	\$7.35
<u>Commercial and Fire Line</u>		
All usage		\$4.97
<b>Monthly Private Fire Protection Charge</b>		
<u>Meter Size</u>		
3/4"		\$26.46
1"		\$26.46
1-1/2"		\$26.46
2"		\$35.34
3"		\$77.11
4"		\$138.92
6"		\$308.64
8" or greater		\$529.20

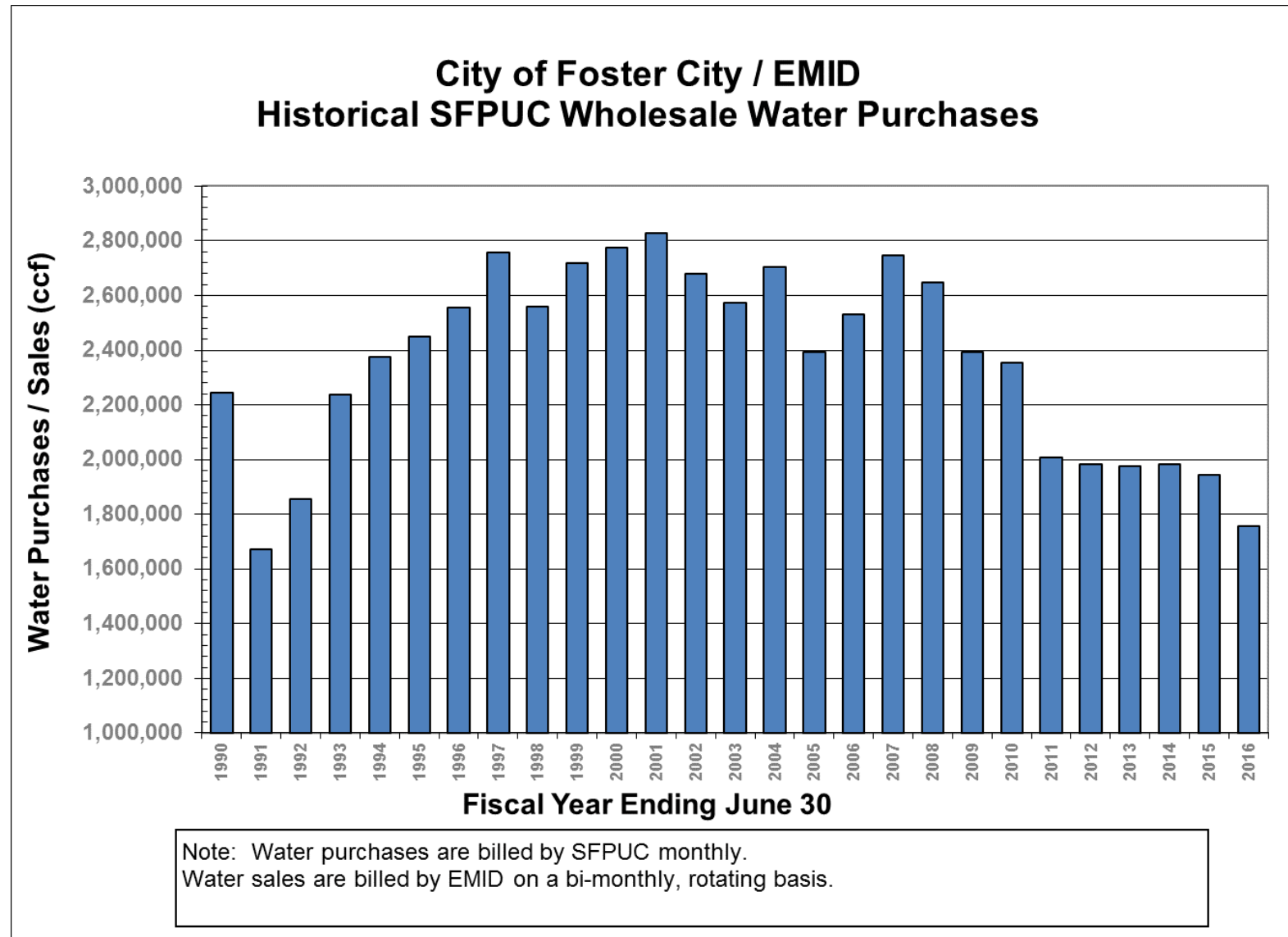
### **Low Income Discount**

BWA examined the potential for implementing a rate discount for low-income customers to help offset the impact of increasing water rates. According to Pacific Gas & Electric, 680 customers enrolled in the PG&E CARE Program in Foster City. BWA estimates that approximately 227 of these customers are single family residential and therefore would be eligible for the discount. Multifamily units would not be eligible for the discount because water service is often not separately metered for each unit and the bill is typically not paid by the individual units.

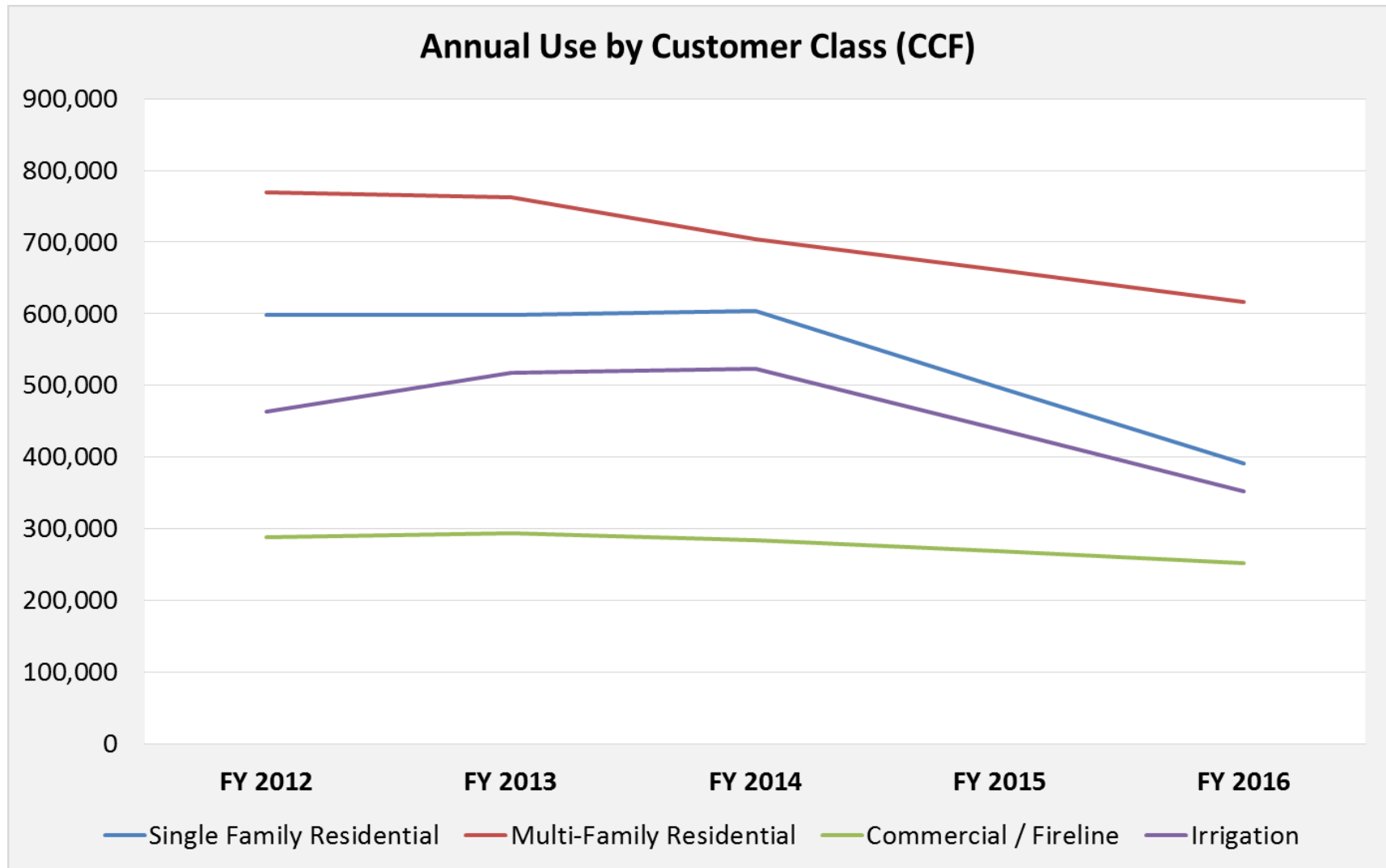
Should the District choose to implement such a discount, non-rate sources of revenue such as cell tower lease or general fund revenue must be used to offset the cost to maintain compliance with California Proposition 218. A \$5/month discount would cost approximately \$14,000 per year.



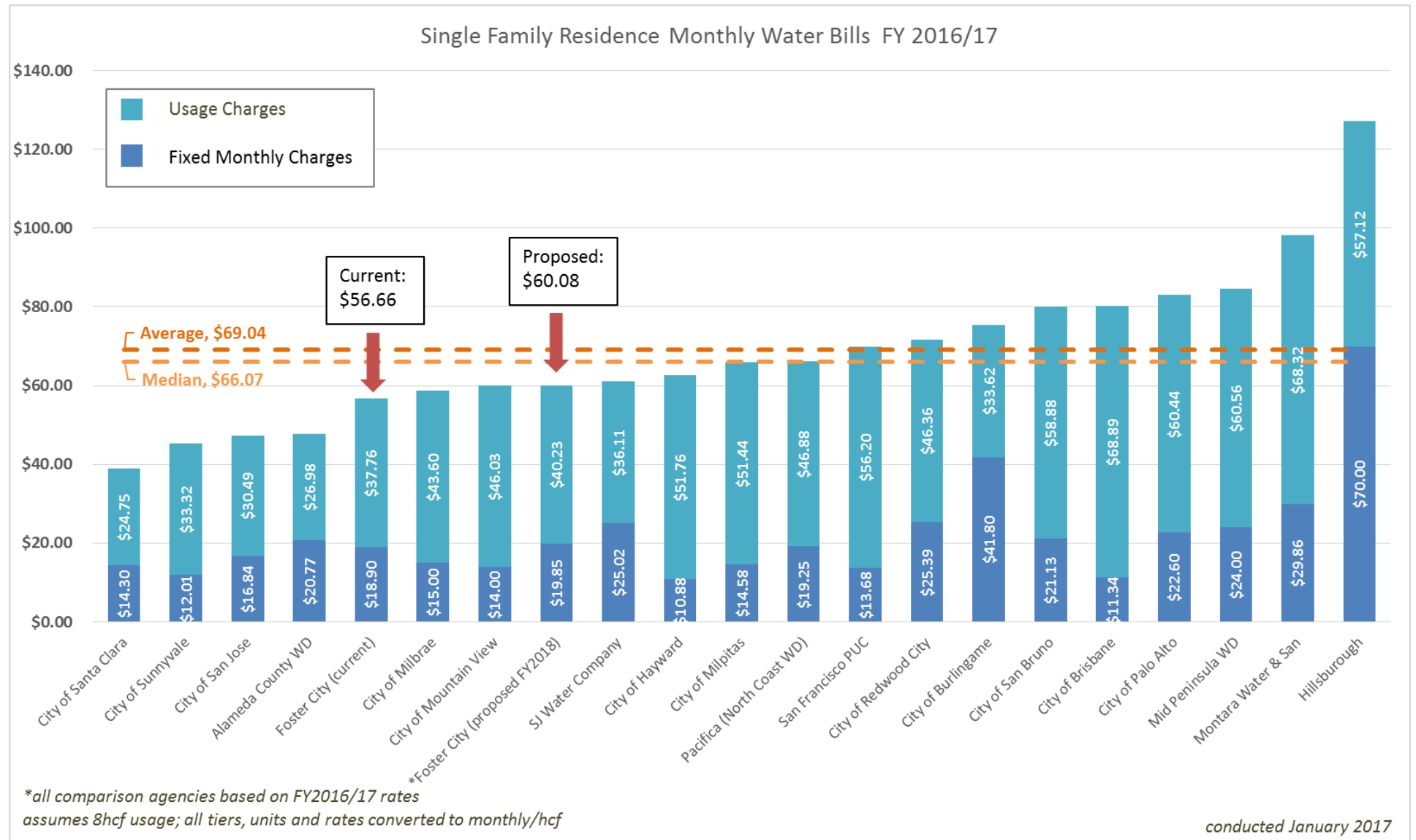
APPENDIX A



APPENDIX B



# APPENDIX C



# APPENDIX E

Table 1  
City of Foster City / Estero Municipal Improvement District  
Water Enterprise Cash Flow Projection - Residential Two Tier Rate Structure Hybrid Model

		Five Year Projection					Extended Year Projection				
Fiscal Year Ending June 30	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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]		0.90%	0.90%	0.90%	0.90%	0.90%	0.25%	0.25%	0.25%	0.25%	0.25%
Fixed Charge	\$18.90	\$19.85	\$21.15	\$21.65	\$22.05	\$22.40	\$23.05	\$23.65	\$24.25	\$25.00	\$25.65
Fixed Rate Adjustment		5.03%	6.55%	2.36%	1.85%	1.59%	3%	3%	3%	3%	3%
SFR Variable Charge	\$4.72	\$5.03	\$5.24	\$5.56	\$5.88	\$6.21	\$6.54	\$6.88	\$7.18	\$7.42	\$7.43
Variable Rate Adjustment		6.5%	4.1%	6.1%	5.9%	5.6%	5.3%	5.2%	4.3%	3.4%	0.2%
Monthly Service Charge Single Family (8 ccf)	\$56.66	\$60.08	\$63.04	\$66.11	\$69.12	\$72.10	\$75.38	\$78.67	\$81.66	\$84.36	\$85.11
Rate Adjustment		6.0%	4.9%	4.9%	4.5%	4.3%	4.5%	4.4%	3.8%	3.3%	0.9%
Beginning Fund Balance	\$2,916,163	\$3,036,000	\$3,115,900	\$3,646,800	\$4,512,800	\$5,068,100	\$5,242,900	\$5,256,900	\$5,434,900	\$5,601,900	\$5,788,900
Revenues											
Water Sales & Service Charges											
Meter Charge Revenue Estimate	4,223,000	4,474,000	4,810,000	4,968,000	5,105,000	5,233,000	5,399,000	5,553,000	5,708,000	5,900,000	6,068,000
Volumetric Revenue Estimate	7,927,000	8,377,000	8,802,000	9,413,000	10,033,000	10,669,000	11,251,000	11,851,000	12,392,000	12,844,000	12,894,000
Connection Fees [1]	180,600	107,600	0	0	0	0	0	0	0	0	0
Interest Earnings - Operating Reserve [2]	7,000	30,000	31,000	36,000	45,000	51,000	52,000	53,000	54,000	56,000	58,000
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	12,389,600	13,040,600	13,695,000	14,469,000	15,235,000	16,005,000	16,754,000	17,509,000	18,206,000	18,852,000	19,072,000
Expenses											
Employee Services	1,676,122	1,861,000	1,935,440	2,012,858	2,093,372	2,177,107	2,264,000	2,355,000	2,449,000	2,547,000	2,649,000
Internal Services - Others	573,096	564,627	578,743	593,211	608,042	623,243	639,000	655,000	671,000	688,000	705,000
Internal Services - ERF	288,277	322,593	330,658	338,924	347,397	356,082	365,000	374,000	383,000	393,000	403,000
Services & Supplies	547,100	610,600	625,865	641,512	657,549	673,988	691,000	708,000	726,000	744,000	763,000
SFPUC Water Purchases	6,723,000	7,248,000	7,314,000	7,611,000	8,541,000	9,540,000	10,293,000	10,722,000	11,263,000	11,715,000	11,765,000
BAWSCA Bond Repayment	859,152	929,000	929,000	929,000	929,000	929,000	929,000	929,000	929,000	929,000	929,000
Reallocation	997,903	994,873	1,019,745	1,045,238	1,071,369	1,098,154	1,126,000	1,154,000	1,183,000	1,213,000	1,243,000
Capital Outlay	0	25,000	25,625	26,266	26,922	27,595	28,000	29,000	30,000	31,000	32,000
Operating Expenses	11,664,650	12,555,693	12,759,075	13,198,009	14,274,652	15,425,169	16,335,000	16,926,000	17,634,000	18,260,000	18,489,000
Operating Net Revenues	724,950	484,907	935,925	1,270,991	960,348	579,831	419,000	583,000	572,000	592,000	583,000
Water Sustainability Fund Transfer	400,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Improvement Transfer [4]	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000	205,000
Total Expenses	12,269,650	12,960,693	13,164,075	13,603,009	14,679,652	15,830,169	16,740,000	17,331,000	18,039,000	18,665,000	18,894,000
Revenues Less O&M Expenses	724,950	484,907	935,925	1,270,991	960,348	579,831	419,000	583,000	572,000	592,000	583,000
Revenues Less Total Expenses	119,950	79,907	530,925	865,991	555,348	174,831	14,000	178,000	167,000	187,000	178,000
Ending Fund Balance	3,036,113	3,115,907	3,646,825	4,512,791	5,068,148	5,242,931	5,256,900	5,434,900	5,601,900	5,788,900	5,966,900
Revenue Test: Annual Revenues > O&M Expenses											
Annual Revenues Less O&M Expenses	724,950	484,907	935,925	1,270,991	960,348	579,831	419,000	583,000	572,000	592,000	583,000
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	3,036,113	3,115,907	3,646,825	4,512,791	5,068,148	5,242,931	5,256,900	5,434,900	5,601,900	5,788,900	5,966,900
25% operating expenses	2,880,000	3,100,000	3,150,000	3,250,000	3,520,000	3,800,000	4,030,000	4,170,000	4,350,000	4,500,000	4,560,000
# of Days O&M in Reserves	95	91	104	125	130	124	117	117	116	116	118
Pass/fail	PASS	PASS	PASS	PASS	PASS	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

Table 2  
City of Foster City / Estero Municipal Improvement District  
Water Rate Calculation - Two Tier Hybrid Model

Fiscal Year Ending June 30	Five Year Projection					Extended Year Projection				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Fixed Meter Charge Increase</b>	<b>5.00%</b>	<b>6.50%</b>	<b>2.25%</b>	<b>1.75%</b>	<b>1.50%</b>	<b>3.00%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>2.5%</b>
<b>Fixed Revenues +/- 5% of Fixed Costs?</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Reserves % Above (Below) Reserve Target</b>	100.5%	115.8%	138.9%	144.0%	138.0%	130.4%	130.3%	128.8%	128.6%	130.9%
<b>Reserve Target Met?</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Revenue Estimates</b>										
Meter Charge Revenue	\$ 4,474,000	\$ 4,810,000	\$ 4,968,000	\$ 5,105,000	\$ 5,233,000	\$ 5,399,000	\$ 5,553,000	\$ 5,708,000	\$ 5,900,000	\$ 6,068,000
Other Fixed Revenue	\$ 189,600	\$ 83,000	\$ 88,000	\$ 97,000	\$ 103,000	\$ 104,000	\$ 105,000	\$ 106,000	\$ 108,000	\$ 110,000
Volumetric Revenue	\$ 8,377,000	\$ 8,802,000	\$ 9,413,000	\$ 10,033,000	\$ 10,669,000	\$ 11,251,000	\$ 11,851,000	\$ 12,392,000	\$ 12,844,000	\$ 12,894,000
<b>Total Projected</b>	<b>\$ 13,040,600</b>	<b>\$ 13,695,000</b>	<b>\$ 14,469,000</b>	<b>\$ 15,235,000</b>	<b>\$ 16,005,000</b>	<b>\$ 16,754,000</b>	<b>\$ 17,509,000</b>	<b>\$ 18,206,000</b>	<b>\$ 18,852,000</b>	<b>\$ 19,072,000</b>
<b>Revenue Allocation</b>										
Fixed	35.8%	35.7%	34.9%	34.1%	33.3%	32.8%	32.3%	31.9%	31.9%	32.4%
Variable	64.2%	64.3%	65.1%	65.9%	66.7%	67.2%	67.7%	68.1%	68.1%	67.6%
<b>Costs Estimates</b>										
Fixed Costs [1]	\$4,683,693	\$4,721,075	\$4,863,009	\$5,009,652	\$5,161,169	\$5,318,000	\$5,480,000	\$5,647,000	\$5,821,000	\$6,000,000
Variable Costs [2]	\$8,377,000	\$8,443,000	\$8,740,000	\$9,670,000	\$10,669,000	\$11,422,000	\$11,851,000	\$12,392,000	\$12,844,000	\$12,894,000
<b>Total Projected Costs</b>	<b>\$13,060,693</b>	<b>\$13,164,075</b>	<b>\$13,603,009</b>	<b>\$14,679,652</b>	<b>\$15,830,169</b>	<b>\$16,740,000</b>	<b>\$17,331,000</b>	<b>\$18,039,000</b>	<b>\$18,665,000</b>	<b>\$18,894,000</b>
<b>Cost Analysis</b>										
Fixed	35.9%	35.9%	35.7%	34.1%	32.6%	31.8%	31.6%	31.3%	31.2%	31.8%
Variable	64.1%	64.1%	64.3%	65.9%	67.4%	68.2%	68.4%	68.7%	68.8%	68.2%
<b>Meter Charge Calculation</b>										
Monthly charge per meter equivalent (Rounded to nearest \$0.05)	\$ 19.85	\$ 21.15	\$ 21.65	\$ 22.05	\$ 22.40	\$ 23.05	\$ 23.65	\$ 24.25	\$ 25.00	\$ 25.65
Annual charge per meter equivalent	\$ 238.20	\$ 253.80	\$ 259.80	\$ 264.60	\$ 268.80	\$ 276.60	\$ 283.80	\$ 291.00	\$ 300.00	\$ 307.80
Meter equivalents [3]	18,783	18,952	19,123	19,295	19,469	19,518	19,567	19,616	19,665	19,714
<b>Meter Charge Revenue Estimate</b>	<b>\$ 4,474,000</b>	<b>\$ 4,810,000</b>	<b>\$ 4,968,000</b>	<b>\$ 5,105,000</b>	<b>\$ 5,233,000</b>	<b>\$ 5,399,000</b>	<b>\$ 5,553,000</b>	<b>\$ 5,708,000</b>	<b>\$ 5,900,000</b>	<b>\$ 6,068,000</b>
<b>Volumetric Rate Calculation</b>										
<b>EMID Proposed Uniform Rate</b>	<b>\$ 5.15</b>	<b>\$ 5.36</b>	<b>\$ 5.69</b>	<b>\$ 6.01</b>	<b>\$ 6.33</b>	<b>\$ 6.66</b>	<b>\$ 7.00</b>	<b>\$ 7.29</b>	<b>\$ 7.54</b>	<b>\$ 7.55</b>
Projected annual water sales (ccf) [4]	1,626,000	1,641,000	1,655,000	1,670,000	1,685,000	1,690,000	1,694,000	1,699,000	1,704,000	1,708,000
Variable revenue estimate	\$8,377,000	\$8,802,000	\$9,413,000	\$10,033,000	\$10,669,000	\$11,251,000	\$11,851,000	\$12,392,000	\$12,844,000	\$12,894,000
<b>% Spread between EMID and SFPUC</b>										
Surcharge	25.7%	30.8%	34.5%	27.5%	21.3%	18.5%	19.8%	19.2%	18.7%	18.7%
<b>SFPUC PROJECTED RATES</b>	<b>\$4.10</b>	<b>\$4.10</b>	<b>\$4.23</b>	<b>\$4.71</b>	<b>\$5.22</b>	<b>\$5.62</b>	<b>\$5.84</b>	<b>\$6.12</b>	<b>\$6.35</b>	<b>\$6.36</b>
Increase (Decrease) %	0.0%	0.0%	3.2%	11.3%	10.8%	7.7%	3.9%	4.8%	3.8%	0.2%
<b>BAWSCA Surcharge</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>	<b>\$0.53</b>
<b>SFPUC Rate + BAWSCA Surcharge</b>	<b>\$4.63</b>	<b>\$4.63</b>	<b>\$4.76</b>	<b>\$5.24</b>	<b>\$5.75</b>	<b>\$6.15</b>	<b>\$6.37</b>	<b>\$6.65</b>	<b>\$6.88</b>	<b>\$6.89</b>
<b>EMID Fixed Meter Charge Increase (Decrease)</b>	<b>5.0%</b>	<b>6.5%</b>	<b>2.4%</b>	<b>1.8%</b>	<b>1.6%</b>	<b>2.9%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>3.1%</b>	<b>2.6%</b>
<b>EMID Volumetric Rate Increase (Decrease)</b>	<b>3.7%</b>	<b>4.1%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.4%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>3.3%</b>	<b>0.2%</b>

Note:  
 [1] Includes: Employee Services, Internal Services - Other, Internal Services - ERF, Services & Supplies, Reallocation, Capital Outlay, Capital Improvement Fund Transfers, and net revenues.  
 [2] Includes: SFPUC Water Purchases, BAWSCA Bond Repayment, and Water Sustainability Fund Transfers.  
 [3] Household growth based on projections from the CDD.  
 [4] Includes 7% water loss factor

Table 3

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

## TWO TIER HYBRID MODEL

Recommended Rates	Current Rates	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Monthly Meter Charge</b>											
3/4"	\$18.90	\$19.85	\$21.15	\$21.65	\$22.05	\$22.40	\$23.05	\$23.65	\$24.25	\$25.00	\$25.65
1"	31.50	33.08	35.25	36.08	36.75	37.33	38.42	39.42	40.42	41.67	42.75
1-1/2"	75.60	79.40	84.60	86.60	88.20	89.60	92.20	94.60	97.00	100.00	102.60
2"	100.80	105.87	112.80	115.47	117.60	119.47	122.93	126.13	129.33	133.33	136.80
3"	220.50	231.58	246.75	252.58	257.25	261.33	268.92	275.92	282.92	291.67	299.25
4"	396.90	416.85	444.15	454.65	463.05	470.40	484.05	496.65	509.25	525.00	538.65
6"	882.00	926.33	987.00	1,010.33	1,029.00	1,045.33	1,075.67	1,103.67	1,131.67	1,166.67	1,197.00
8" or greater	1,512.00	1,588.00	1,692.00	1,732.00	1,764.00	1,792.00	1,844.00	1,892.00	1,940.00	2,000.00	2,052.00
<b>Conservation-Based Water Rate Model (based on bi-monthly allotments)</b>											
<b>Single Family Residential</b>											
Tier 1 0-20 per ccf	4.72	5.03	5.24	5.56	5.88	6.21	6.54	6.88	7.18	7.42	7.43
Tier 2 Over 20 ccf	5.95	6.06	6.30	6.65	6.92	7.21	7.52	7.87	8.16	8.40	8.41
<b>Multi-Family Residential (per living unit)</b>											
Tier 1 0-10 ccf per living unit	4.72	5.03	5.24	5.56	5.88	6.21	6.54	6.88	7.18	7.42	7.43
Tier 2 Over 10 ccf per living unit	5.93	5.62	5.85	6.19	6.48	6.79	7.10	7.45	7.74	7.99	8.00
<b>Irrigation Customers</b>											
Tier 1 <=100% of annual budget	4.72	5.03	5.24	5.56	5.88	6.21	6.54	6.88	7.18	7.42	7.43
Tier 2 >100% of annual budget	7.35	7.21	7.49	7.87	8.09	8.32	8.61	8.97	9.27	9.50	9.51
<b>Commercial and Fire Line Customers</b>											
Base Consumption Rate	4.97	5.15	5.36	5.69	6.01	6.33	6.66	7.00	7.29	7.54	7.55
<b>Monthly Fire Meter Charge</b>											
3/4"	26.46	27.79	29.61	30.31	30.87	31.36	32.27	33.11	33.95	35.00	35.91
1"	26.46	27.79	29.61	30.31	30.87	31.36	32.27	33.11	33.95	35.00	35.91
1-1/2"	26.46	27.79	29.61	30.31	30.87	31.36	32.27	33.11	33.95	35.00	35.91
2"	35.34	37.12	39.55	40.49	41.23	41.89	43.10	44.23	45.35	46.75	47.97
3"	77.11	80.99	86.29	88.33	89.96	91.39	94.04	96.49	98.94	102.00	104.65
4"	138.92	145.90	155.45	159.13	162.07	164.64	169.42	173.83	178.24	183.75	188.53
6"	308.64	324.15	345.38	353.54	360.08	365.79	376.41	386.20	396.00	408.25	418.86
8" or greater	529.20	555.80	592.20	606.20	617.40	627.20	645.40	662.20	679.00	700.00	718.20
(Minimum charge is equivalent to 1-1/2" meter charge)											

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

		Current	FY2018
		Rates	Two Tier Hybrid Model
Monthly meter charge		\$18.90	\$19.85
% Change			5.0%
<b>Single Family Residential Monthly Tiers</b>			
Tier 1: 0 to 20 ccf		\$4.72	\$5.03
Tier 2: over 20 ccf		\$5.95	\$6.06
<u>Water Use Level</u>	<u>Monthly Use (ccf)</u>		<u>Monthly Bill</u>
<b>Low User</b>	5	\$42.50	\$44.99
\$ Increase			2.49
% Increase			5.9%
<b>Average User</b>	8	\$56.66	\$60.08
\$ Increase			3.42
% Increase			6.0%
<b>High User</b>	10	\$66.10	\$70.14
\$ Increase			4.04
% Increase			6.1%
<b>Very High User</b>	20	\$113.30	\$130.73
\$ Increase			17.43
% Increase			15.4%
<b>Excessive User</b>	50	\$291.80	\$312.49
\$ Increase			20.69
% Increase			7.1%

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

Projected Water Bills	Current	Fiscal Year Ending June 30,					Extended Year Projection				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>Two Tier Hybrid Model</u>											
Single Family Residential Monthly Rate	\$56.66	\$60.08	\$63.04	\$66.11	\$69.12	\$72.10	\$75.38	\$78.67	\$81.66	\$84.36	\$85.11
\$ Increase		3.42	2.96	3.07	3.01	2.99	3.27	3.30	2.99	2.70	0.75
% Increase		6.0%	4.9%	4.9%	4.5%	4.3%	4.5%	4.4%	3.8%	3.3%	0.9%

**Based on Single Family Residential Use of 8 ccf**





DATE: March 27, 2017

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

VIA: Kevin M. Miller, District Manager

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

SUBJECT: REVIEW OF PROJECTED WASTEWATER RATES FOR FY 2017-2018;  
POLICY DIRECTION FOR RATE NOTIFICATION UNDER  
PROPOSITION 218

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### RECOMMENDATION

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

1. Review and approve the proposed wastewater rates for FY 2017-2018 through FY 2021-2022, or provide alternative direction; and
2. Based on that direction, authorize staff to establish the new wastewater rates for FY 2017-2018 through FY 2021-2022 that will be noticed to all ratepayers 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 2017 Wastewater Rate Study and recommend rate adjustments for the next five fiscal years.

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 Wastewater Treatment Plant (WWTP). The City of San Mateo is expanding the wastewater treatment plant at an estimated cost of \$900 million over the next ten years. The District's share of the project cost is approximately \$119 million.

In consideration of these factors, staff proposes an overall rate increase of 14.25% per year on all wastewater rates from FY 2017 to FY 2021.

Based on the EMID Board direction, staff will prepare a notice that will be mailed to all ratepayers on or before April 17, 2017 in compliance with the provisions of Proposition 218. A public hearing on and adoption of the proposed rates will occur at the June 5, 2017 EMID Board of Directors meeting in conjunction with the FY 2017-2018 Annual Budget Public Hearing. The new rates will become effective July 1, 2017.

### BACKGROUND & ANALYSIS

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 residential wastewater customers pay are based on a fixed charge for the category or type of residential unit (single-family, townhouse - duplex, or apartment - condominium). Commercial customers are charged a variable rate based upon the amount of water consumed by their business and the business wastewater strength category.

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.

## 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 sites such as Towne Place Suite (at the former Black Angus site), 1297 Chess Drive, and the Illumina Project. 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 2017-2018 would take place effective July 1, 2017.

### Expenditures

- Preliminary budget figures for FY 2017-2018 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 total of \$2.5 million for FY 2017-2018 has been assumed relative to the WWTP operations and maintenance (O&M) costs. 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 2017-2018 Annual Budget 5-Year Financial Plan. 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 2017-2018 Water and Wastewater Rate Models for the District Board's consideration. The table below summarizes the operating expenditures of the wastewater enterprise.

Table 8  
City of Foster City / Estero Municipal Improvement District  
Wastewater Enterprise O&M Projection

Expenditures	FY2017	Five Year Projection (Prop 218)					Annual % Increase [1]
		FY2018 requested	FY2019	FY2020	FY2021	FY2022	
Employee Services	\$1,718,522	\$1,969,200	\$2,047,968	\$2,129,887	\$2,215,082	\$2,303,685	4.0%
Internal Services (from City)	667,952	670,218	686,974	704,148	721,752	739,796	2.5%
Internal Services -ERF	374,622	350,140	358,893	367,865	377,062	386,489	2.5%
Services & Supplies	798,350	924,700	947,818	971,513	995,801	1,020,696	2.5%
EMID Share WWTP O&M	2,000,000	2,500,000	2,575,000	2,652,250	2,731,818	2,813,773	3.0%
EMID Share WWTP Capital Improvements	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0.0%
Reallocation	903,165	690,971	701,336	711,856	722,534	733,372	1.5%
<b>TOTAL O&amp;M Expenditures</b>	<b>\$6,462,611</b>	<b>\$8,105,229</b>	<b>\$8,317,989</b>	<b>\$8,537,519</b>	<b>\$8,764,049</b>	<b>\$8,997,811</b>	
		25.4%	2.6%	2.6%	2.7%	2.7%	

[1] Based on historical results

- The District has a Joint Powers Agreement with the City of San Mateo where the District receives treatment of its wastewater via the San Mateo Wastewater Treatment Plant (WWTP). The current wastewater 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 10-year integrated Wastewater Master Plan for the rehabilitation of the treatment plant. The total cost for the project is estimated to be \$900 million, for which the District will be responsible for its proportionate share (or 25%) of the costs estimated to be \$119 million. Costs incurred for the City's share of the Wastewater Treatment Plant Master Improvement Project has thus far been advanced out of the Wastewater Capital Project Fund.
- Both Foster City and the City of San Mateo established a Joint Powers Financing Authority (JPFA) in which both agencies work cooperatively towards a common financing. Much of these costs will require external funding including the State revolving loan and/or bond financing. The debt service for the selected financing strategy is expected to be recovered over time as part the annual update of the District's wastewater rate structure. Staff will be presenting a special report on financing alternatives for the WWTP project under a separate cover of your March 27, 2017 meeting.
- The proposed rate projections anticipate two interfund loans totaling \$13.3 million are required from the Capital Improvement Fund in FY 2017 and FY 2018 to meet projected capital requirements. The interfund loan is recommended to be repaid through bond proceeds from a FY 2018 issuance. The bond issue in FY 2018 (5% interest, 30 year repayment) is intended to fund WTP expansion costs in that year and to refund the interfund loan. All further WTP capital projects will be funded through additional bonds (5% interest, 30 year

repayment).

- The San Mateo-Foster City Public Financing Authority (formed last year between San Mateo and Foster City) will be submitting its application for low cost loans under the Clean Water State Revolving Funds program. If approved, WWTP costs in the future years are anticipated to be funded by a combination of bonds and State Revolving Loan Funds (SRF).
- The 5-year annual wastewater rate increase of 14.25% on all wastewater rates for FY 2017-2021 is designed to ensure that the enterprise generates enough revenue to pay for WWTP expansion costs if the City were not successful in obtaining SRF funding. Should SRF loans (est. 2.2% interest, 30 years) be acquired for the project, lower rate increases may be implemented.
- 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.

#### 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 2017-2018 to FY 2021-2022 Wastewater Rate Impact

Single Family Residential and Multi-family Residential class customers are billed using a flat rate. Commercial customers are billed at a variable volumetric rate based on water usage and strength classification. The new wastewater rate projections propose an overall rate increase of 14% on all wastewater rates for FY 2017-2018 to FY 2021-2022. The table below provides a comparison of current rates to proposed rates.

Table 2  
City of Foster City / Eastern Municipal Improvement District  
Projected Wastewater Rate Impacts

Projected Rates	Current	Projected - Fiscal Year Ending June 30				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>% Rate Increase</b>		<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>
<b>Residential (flat monthly rate)</b>						
Single Family	\$57.13	\$65.27	\$74.57	\$85.20	\$97.34	\$111.21
<i>Increase (Decrease)</i>		8.14	9.30	10.63	12.14	13.87
Townhouse/Duplex	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase (Decrease)</i>		6.84	7.81	8.93	10.20	11.65
Apartment/Condominium (Pools w/ Restrooms)	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase (Decrease)</i>		6.84	7.81	8.93	10.20	11.65
<b>Commercial (rate per ccf of water use)</b>						
High Strength	\$10.38	\$11.86	\$13.55	\$15.48	\$17.69	\$20.21
<i>Increase (Decrease) per ccf</i>		1.48	1.69	1.93	2.21	2.52
Medium/Domestic Strength	\$3.65	\$4.17	\$4.76	\$5.44	\$6.22	\$7.11
<i>Increase (Decrease) per ccf</i>		0.52	0.59	0.68	0.78	0.89
Low Strength	\$2.40	\$2.74	\$3.13	\$3.58	\$4.09	\$4.67
<i>Increase (Decrease) per ccf</i>		0.34	0.39	0.45	0.51	0.58

## 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 \$57.13 to \$65.13, while the average monthly rate for the agencies surveyed is \$93.61.

## POLICY DIRECTION

Staff seeks EMID Board direction on the following policy issues:

1. Wastewater Rates charged for FY 2017-2018
  - Authorization to proceed with the wastewater rate increase assumptions that reflect an increase of 14.25% per year for FY 2017-2018 through FY 2021-2022, or otherwise directed by the Board; and

- 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, the District will mail a notice to all ratepayers on or before April 17, 2017, based upon the EMID Board's policy direction this evening. Due to the complexity of the rate model changes being recommended, staff will prepare a user-friendly notice that also meets the Proposition 218 noticing requirements. A public hearing will be held and the rates adopted on June 5, 2017. The rates will go into effect on July 1, 2017.

It should be noted that between the notification date and the public hearing date, the EMID Board will receive the FY 2017-2018 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 2017-2018. 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.

Attachment:

Bartle Wells Associates Wastewater Rate Study Results Memo

- Wastewater Rate Survey Comparison Chart
- Wastewater Rate Study Data



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

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[www.bartlewells.com](http://www.bartlewells.com)

**DATE:** March 2nd, 2017

**TO:** City of Foster City/Estero Municipal Improvement District

**FROM:** Bartle Wells Associates – Douglas Dove and Michael DeGroot

**SUBJECT:** Wastewater Rate Study Update Results

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## **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

### **Introduction and Background**

The Estero Municipal Improvement District (District) engaged Bartle Wells Associates (BWA) to develop 10-year financial projections for the District's Water and Wastewater Enterprises and to recommend water and wastewater rate increases for the next five-year period. BWA last conducted formal rate studies in 2016, which resulted in a one-year rate approval for water and wastewater rates for FY 2016. The District is currently in good financial shape with water and wastewater service rates in the lower range compared to other agencies on the Peninsula. The District has a relatively young infrastructure for both enterprises and is currently debt free. The District faces unique infrastructure funding challenges in each enterprise.

### **Wastewater**

The District has a Joint Exercise of Powers Agreement with the City of San Mateo where the District receives treatment of its wastewater via the San Mateo 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 City of San Mateo is expanding the wastewater treatment plant at an estimated cost of about \$467 million over the next ten years of which the District is estimated to be responsible for approximately \$116.7 million. This is in addition to local capital projects for the District's own sewage collection. The wastewater enterprise



intends to fund collection system capital expenditures through annual transfers of \$780,000 to the capital improvements fund.

BWA recommends that the District approve a 5-year wastewater rate increase schedule of 13% per year from FY 2018 to FY 2022 to ensure that the District remain eligible to receive state revolving loan fund proceeds. Rates must be in place to ensure adequate funds to cover loan debt service.

### **Rate Surveys**

BWA conducted a water and wastewater rate survey of neighboring communities along the San Francisco Peninsula. The results of the water survey is summarized in APPENDIX C and the results of the wastewater survey is summarized in APPENDIX D.

The survey found that the District's water rates are among the lowest in the region. The average monthly water bill for the region (based on 8 ccf of monthly usage) is \$69.04 per month and the District's proposed average monthly residential water bill, under proposed rates is \$60.08 per month. With the proposed increase, the average Foster City water bill would be 13% less than the current average of neighboring communities.

The District's wastewater rates are also low amongst its comparator agencies. The average monthly bill among the comparator agencies is \$93.61 and the District's proposed monthly residential wastewater bills for FY 2018 is \$65.27 per month, or about 30% less than the average of the neighboring communities.

## Wastewater Enterprise Fund

There are approximately 13,258 wastewater accounts serviced by the District. The majority of accounts are residential with the remainder consisting of commercial and institutional accounts as shown in Table 5.

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

Data as of: 11/28/16

Customer Class	Number of Accounts
<b><u>Residential</u></b>	
Single Family	4,535
Townhouse/Duplex	2,221
Apartment/Condominium (Pools w/ Restrooms)	<u>6,248</u>
Residential Total	13,004
<b><u>Commercial</u></b>	
Restaurants	50
Commercial/Hotels/Offices/Industrial/Laundromats	<u>168</u>
Commercial Total	218
<b><u>Institutional</u></b>	
Institutional/Schools	<u>36</u>
Institutional Total	36
Total	13,258

Source: Cognos Sewer Customer Count Report

The District has approximately \$1,615,653 in its wastewater maintenance and operations reserve fund as shown in Table 6.

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

Fund Reserve Component	July 1, 2016
	Balance
Reserved for Maintenance & Operation	<u>\$1,615,653</u>
Total	\$1,615,653

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 2015/16

Table 7 summarizes the current wastewater service rates.

Table 7  
Foster City / Estero Municipal Improvement District  
Current Wastewater Rates

Fiscal Year Ending June 30	Current 2017
<b>Residential (flat monthly rate)</b>	
Single Family	\$57.13
Townhouse/Duplex	47.99
Apartment/Condominium (Pools w/ Restrooms)	47.99
<b>Commercial (rate per ccf of water use)</b>	
Restaurants	10.38
Commercial/Hotels/Offices/Industrial/Laundromats	3.65
<b>Institutional (rate per ccf of water use)</b>	
Institutional/Schools	2.40

Table 8 summarizes the operating expenditures of the enterprise. Costs are expected to remain relatively stable over the next five years. Projections assume 1.5% to 4% annual cost inflation in operating expenses based on historical results.

Table 8  
City of Foster City / Estero Municipal Improvement District  
Wastewater Enterprise O&M Projection

Expenditures		Five Year Projection (Prop 218)					Annual % Increase [1]
	FY2017	FY2018 requested	FY2019	FY2020	FY2021	FY2022	
Employee Services	\$1,718,522	\$1,969,200	\$2,047,968	\$2,129,887	\$2,215,082	\$2,303,685	4.0%
Internal Services (from City)	667,952	670,218	686,974	704,148	721,752	739,796	2.5%
Internal Services -ERF	374,622	350,140	358,893	367,865	377,062	386,489	2.5%
Services & Supplies	798,350	924,700	947,818	971,513	995,801	1,020,696	2.5%
EMID Share WWTP O&M	2,000,000	2,500,000	2,575,000	2,652,250	2,731,818	2,813,773	3.0%
EMID Share WWTP Capital Improvements	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0.0%
Reallocation	<u>903,165</u>	<u>690,971</u>	<u>701,336</u>	<u>711,856</u>	<u>722,534</u>	<u>733,372</u>	1.5%
<b>TOTAL O&amp;M Expenditures</b>	<b>\$6,462,611</b>	<b>\$8,105,229</b>	<b>\$8,317,989</b>	<b>\$8,537,519</b>	<b>\$8,764,049</b>	<b>\$8,997,811</b>	
		25.4%	2.6%	2.6%	2.7%	2.7%	

[1] Based on historical results

## **Wastewater Financial Projections**

Wastewater projections are shown in APPENDIX F.

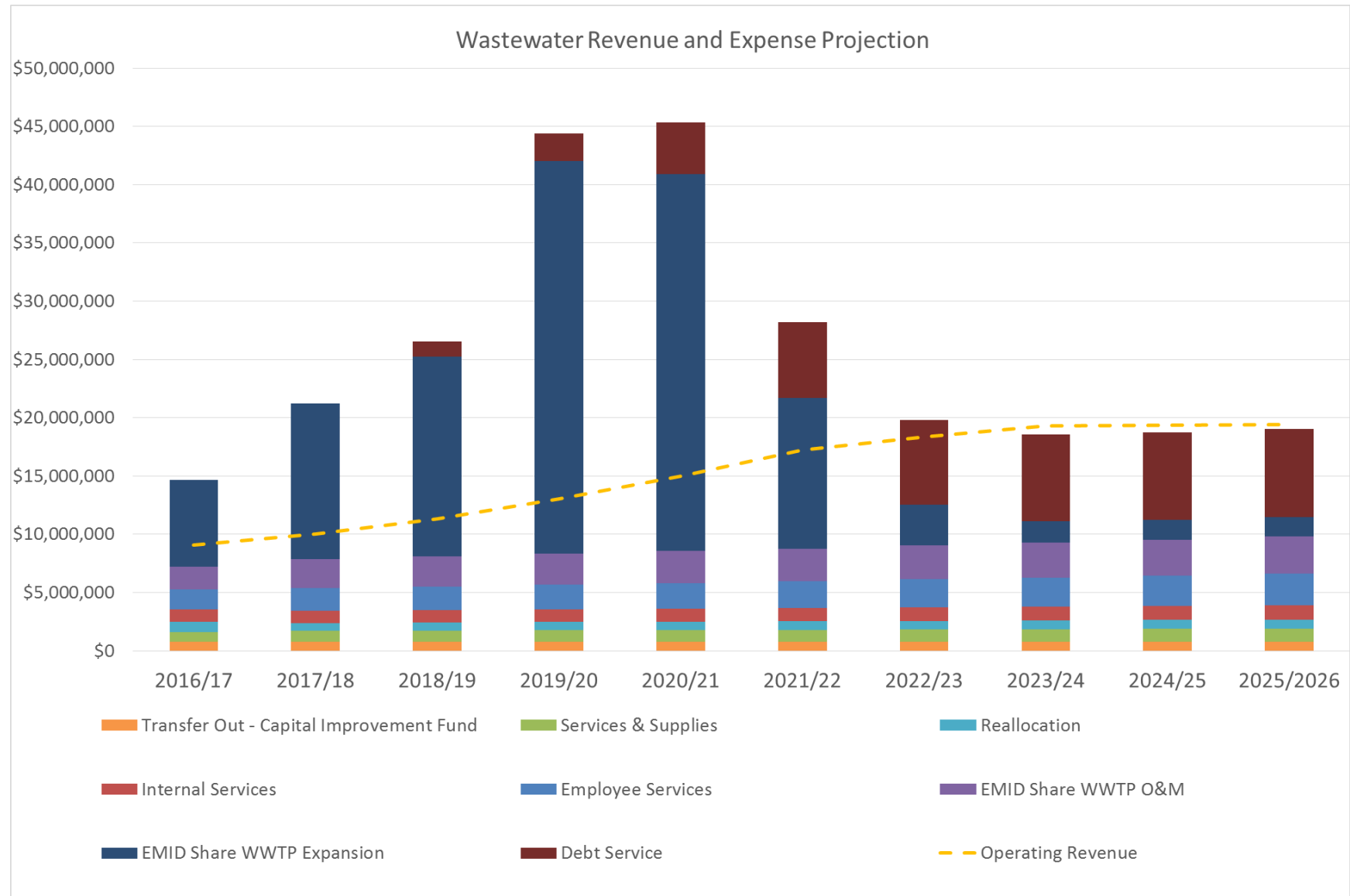
Projections anticipate two interfund loans totaling \$13.2 million are required from the Capital Improvement Fund in FY 2017 and FY 2018 to meet projected capital requirements. The interfund loan is recommended to be repaid through bond proceeds from a FY 2018 issuance.

### **Bond Financing:**

Projections anticipate a \$19.7 million loan or bond issue in FY 2018 (5% interest, 30 year repayment) to fund WTP expansion costs in that year and to refund a \$13.2 million interfund loan. All further WTP capital projects will be funded through additional bonds (5% interest, 30 year repayment). BWA proposes annual overall rate increases of 14.25% on all wastewater rates for FY 2018 to FY 2022.

Projections are designed to be conservative, as State Revolving Fund (SRF) loans are never guaranteed. Should SRF loans (est. 2.2% interest, 30 years) be acquired for the WTP expansion, lower rate increases may be implemented.

**CHART F**



## Wastewater Cost of Service Analysis

In addition, Bartle Wells performed a Wastewater Cost of Service Analysis to determine equitable cost allocation to the various user classes. BWA recommends placing commercial customers into three wastewater strength categories, (low, medium and high) based on the State Water Resources Control Board (SWRCB) Wastewater Revenue Program Guidelines. Low strength wastewater (Class A) customers include banks, laundromats, retail stores, schools, churches and others as shown in Table 10.

Medium strength wastewater (Class B) customers have wastewater strength factors that are assumed to be similar to residential wastewater strength factors. They include typical commercial activities such as libraries, spas, nail salons, gas stations and bars.

High strength wastewater (Class C) customers primarily include food-related businesses such as restaurants, bakeries, dairies, wineries, catering, butcher shops and fish markets.

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Table 10

City of Foster City/Estero Municipal Improvement District

Strength Classifications into Low, Medium/Domestic, and High Strength Dischargers

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<b>Low Strength</b>	Banks & Financial Institutions Barber Shops/Hair Salons (hair cutting only) Post Offices/Government Retail Stores Libraries Schools Churches, Halls & Lodges
<b>Medium/Commercial/ Domestic Strength</b>	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

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**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

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Table 11 summarizes the assumed wastewater strength factors for the low, medium and high strength groups that are based on typical strengths provided in the SWRCB's Revenue Program Guidelines. The strength factor for medium strength customers is equivalent to residential or "domestic" strength, of 1.00. The strength factor for low strength is calculated at 0.66 and for high strength is calculated at 2.85 based on the SWRCB guidelines.

Table 11  
City of Foster City/Estero Municipal Improvement District  
Assumed Wastewater Strength Factors

Strength Class	LOW	MEDIUM	HIGH
Examples:	<b>Institutional Bank</b>	<b>Residential Offices</b>	<b>Restaurant Bakery</b>
Flow (gpd)	<b>200</b>	<b>200</b>	<b>200</b>
BOD <sup>1</sup> (mg/l)	<b>130</b>	<b>240</b>	<b>1000</b>
TSS <sup>2</sup> (mg/l)	<b>100</b>	<b>240</b>	<b>800</b>
Strength Factor	<b>0.66</b>	<b>1.00</b>	<b>2.85</b>
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 12 summarizes the mass-balance analysis for the City's wastewater system and calculates the wastewater rates for each customer class. Single family residences are assumed to have an average daily (dry weather) flow of 200 gallons per day (gpd).

Based on residential occupancy data provided by the City of Foster City, single family residences are estimated to have an average of 2.67 residents per household and multi-family residences are estimated to have an average of 2.25 residents per household (84% of a single family household).

Multi-family dwellings are billed based on an estimated flow of 168 gpd or 0.84 times the single family rate. As a check, the mass balance in Table 12 compares the total calculated and measured daily wastewater flows for Foster City (average dry weather flow).

The results agree well with the estimated daily flow at 2.5 million gallons per day (mgd) and the measured flow at 2.37 mgd.

Table 12  
City of Foster City/Estero Municipal Improvement District  
Summary of Sewer Users by Customer Class

Customer Class	EDUs <sup>1</sup>	Annual Measured ADWF <sup>2</sup> (gal/day)	ADWF Flow (gal/day)	FY 2016 Estimate EDU x Flow ADWF Flow (gal/day)	BOD <sup>3</sup> (mg/l)	TSS <sup>4</sup> (mg/l)	FY 2017 Calculated Current Rate
<b>Residential</b>							
Single Family Residential	4,535		200	907,000	240	240	57.13
Townhouse/Duplex	2,221		168	373,128	240	240	47.99
Apartment/Condos	6,248		168	1,049,664	240	240	47.99
				2,329,792			
<b>Commercial</b>			<b>Flow Factor</b>				
Low Strength	36	70,078	65%	45,551	130	100	2.40
Medium/Domestic Strength	168	230,675	53%	122,142	240	240	3.65
High Strength	50	82,919	70%	58,044	1000	800	10.39
		383,673		225,737			
<b>Totals</b>				2,555,529			
Check Against Lowest Actual Monthly Avg. Day Flow (May 2014 from LS 59 Flow Log):				2,367,806			

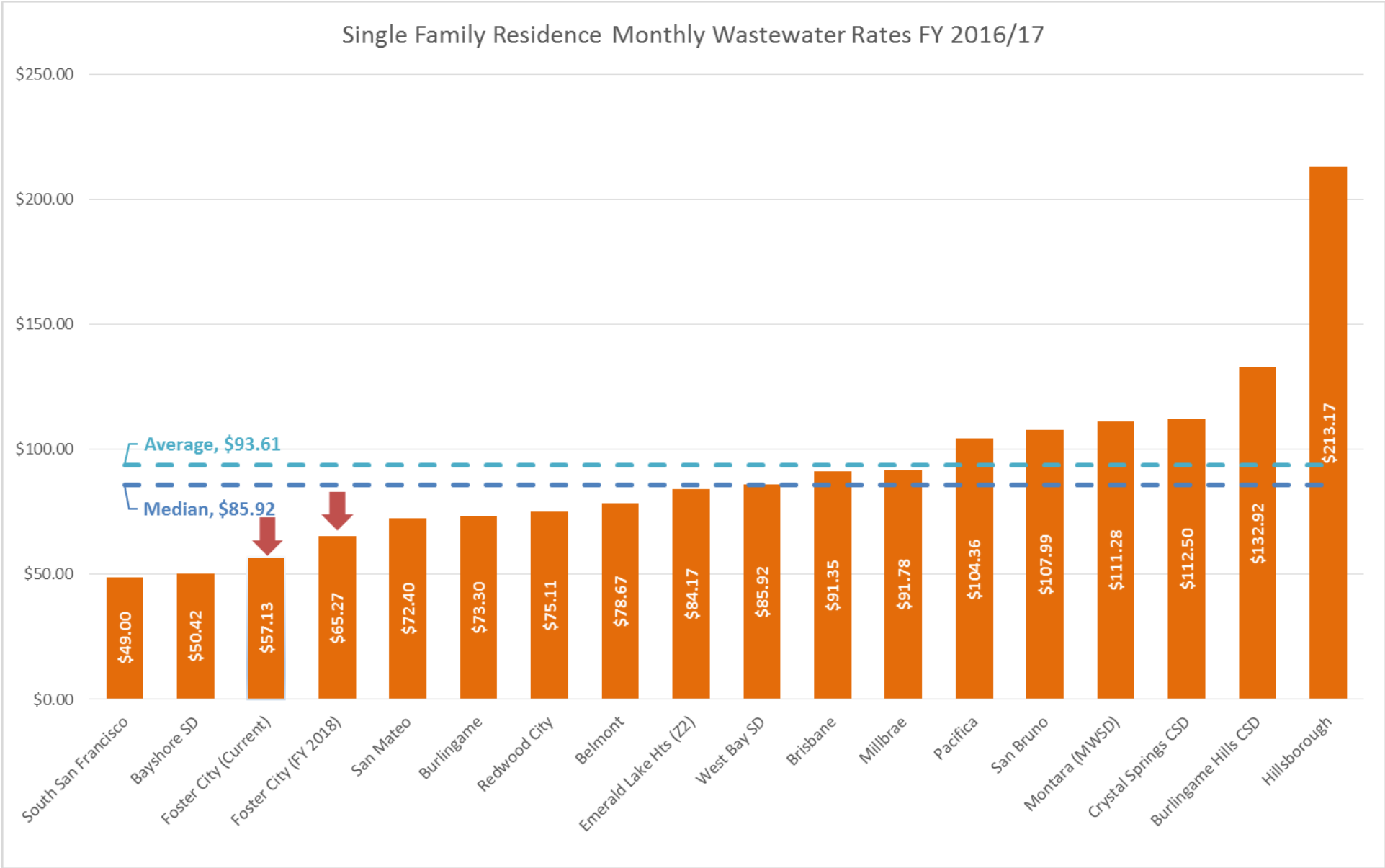
1 "EDU" stands for Equivalent Dwelling Unit

2 "ADWF" stands for Average Dry Weather Flow

3 "BOD" stands for Biochemical Oxygen Demand

4 "TSS" stands for Total Suspended Solids

APPENDIX D



## APPENDIX F

Table 1  
City of Foster City / Estero Municipal Improvement District  
Wastewater Enterprise Cash Flow Projection - Bond Financing

		Five Year Projection					Extended Year Projection			
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Assumptions:</b>										
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		0.90%	0.90%	0.90%	0.90%	0.90%	0.25%	0.25%	0.25%	0.25%
Rate Adjustment		14.25%	14.25%	14.25%	14.25%	14.25%	6.00%	5.00%	0.00%	0.00%
Monthly Service Charge for Single Family	\$57.13	\$65.27	\$74.57	\$85.20	\$97.34	\$111.21	\$117.88	\$123.78	\$123.78	\$123.78
<b>Beginning O&amp;M Fund Balance</b>	\$1,615,653	\$3,438,000	\$4,572,500	\$5,485,600	\$6,840,600	\$7,815,200	\$8,786,400	\$9,823,300	\$11,415,500	\$12,758,200
<b>Operating Revenues</b>										
Service Charges	8,483,000	9,768,000	11,248,000	12,952,000	14,914,000	17,173,000	18,246,000	19,204,000	19,252,000	19,300,000
Connection Fees [1]	581,000	216,750	0	0	0					
Interest Earnings [2]	1,000	34,000	46,000	55,000	68,000	78,000	88,000	98,000	114,000	128,000
Other Revenue	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Operating Revenue</b>	9,065,000	10,019,750	11,295,000	13,008,000	14,983,000	17,252,000	18,335,000	19,303,000	19,367,000	19,429,000
<b>Non Operating Revenue</b>										
<b>Interfund Loan - Capital Improvement Fund</b>	7,391,931	5,931,000								
Bond / Loan [3]		19,737,559	16,165,083	32,725,346	31,338,708	11,930,884	2,515,734	869,586	704,549	699,358
<b>Non Operating Revenue</b>	7,391,931	25,668,559	16,165,083	32,725,346	31,338,708	11,930,884	2,515,734	869,586	704,549	699,358
<b>Total Revenue</b>	<b>16,456,931</b>	<b>35,688,309</b>	<b>27,460,083</b>	<b>45,733,346</b>	<b>46,321,708</b>	<b>29,182,884</b>	<b>20,850,734</b>	<b>20,172,586</b>	<b>20,071,549</b>	<b>20,128,358</b>
<b>Operating Expenses</b>										
Employee Services	1,718,522	1,969,200	2,047,968	2,129,887	2,215,082	2,303,685	2,395,832	2,491,665	2,591,332	2,694,985
Internal Services (from City)	667,952	670,218	686,974	704,148	721,752	739,796	758,291	777,248	796,679	816,596
Internal Services -ERF	374,622	350,140	358,893	367,865	377,062	386,489	396,151	406,055	416,206	426,611
Services & Supplies	798,350	924,700	947,818	971,513	995,801	1,020,696	1,046,213	1,072,368	1,099,177	1,126,656
EMID Share WWTP O&M	2,000,000	2,500,000	2,575,000	2,652,250	2,731,818	2,813,773	2,898,186	2,985,132	3,074,686	3,166,927
EMID Share WWTP Capital Improvements	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Reallocation</b>	<b>903,165</b>	<b>690,971</b>	<b>701,336</b>	<b>711,856</b>	<b>722,534</b>	<b>733,372</b>	<b>744,373</b>	<b>755,539</b>	<b>766,872</b>	<b>778,375</b>
<b>Operating Expenses</b>	<b>6,462,611</b>	<b>8,105,229</b>	<b>8,317,989</b>	<b>8,537,519</b>	<b>8,764,049</b>	<b>8,997,811</b>	<b>9,239,046</b>	<b>9,488,007</b>	<b>9,744,952</b>	<b>10,010,150</b>
<b>Operating Net Revenue</b>	<b>2,602,389</b>	<b>1,914,521</b>	<b>2,977,011</b>	<b>4,470,481</b>	<b>6,218,951</b>	<b>8,254,189</b>	<b>9,095,954</b>	<b>9,814,993</b>	<b>9,622,048</b>	<b>9,418,850</b>
<b>Repayment of Interfund Loan</b>		<b>13,322,931</b>								
<b>Capital Expenses</b>										
<b>Transfer Out - Capital Improvement Fund</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>	<b>780,000</b>
<b>EMID Share WWTP Expansion</b>	<b>7,391,931</b>	<b>12,345,628</b>	<b>16,165,083</b>	<b>32,725,346</b>	<b>31,338,708</b>	<b>11,930,884</b>	<b>2,515,734</b>	<b>869,586</b>	<b>704,549</b>	<b>699,358</b>
<b>Capital Expenses</b>	<b>8,171,931</b>	<b>13,125,628</b>	<b>16,945,083</b>	<b>33,505,346</b>	<b>32,118,708</b>	<b>12,710,884</b>	<b>3,295,734</b>	<b>1,649,586</b>	<b>1,484,549</b>	<b>1,479,358</b>
<b>Annual Debt Service (Bond)</b>			<b>1,283,957</b>	<b>2,335,518</b>	<b>4,464,349</b>	<b>6,502,977</b>	<b>7,279,098</b>	<b>7,442,750</b>	<b>7,499,318</b>	<b>7,545,150</b>
<b>Debt Service</b>		0	1,283,957	2,335,518	4,464,349	6,502,977	7,279,098	7,442,750	7,499,318	7,545,150
<b>Debt Coverage [4]</b>			2.32	1.91	1.39	1.27	1.25	1.32	1.28	1.25
<b>Total Expenditures</b>	<b>14,634,542</b>	<b>21,230,857</b>	<b>26,547,029</b>	<b>44,378,383</b>	<b>45,347,106</b>	<b>28,211,672</b>	<b>19,813,878</b>	<b>18,580,343</b>	<b>18,728,819</b>	<b>19,034,658</b>
<b>Revenues Less Total Expenditures</b>	<b>1,822,389</b>	<b>14,457,452</b>	<b>913,054</b>	<b>1,354,963</b>	<b>974,602</b>	<b>971,212</b>	<b>1,036,856</b>	<b>1,592,243</b>	<b>1,342,730</b>	<b>1,093,700</b>
<b>Ending O&amp;M Fund Balance</b>	<b>3,438,042</b>	<b>4,572,521</b>	<b>5,485,554</b>	<b>6,840,563</b>	<b>7,815,202</b>	<b>8,786,412</b>	<b>9,823,256</b>	<b>11,415,543</b>	<b>12,758,230</b>	<b>13,851,900</b>
<b>Cash Fund Reserve Test:</b> Minimum Fund Balance > 25% O&M Expenses										
Year-end O&M Fund Balance	3,438,042	4,572,521	5,485,554	6,840,563	7,815,202	8,786,412	9,823,256	11,415,543	12,758,230	13,851,900
25% Operating Expenses	1,615,653	2,026,307	2,079,497	2,134,380	2,191,012	2,249,453	2,309,762	2,372,002	2,436,238	2,502,538
# of Days O&M in Reserves	194	206	241	292	325	356	388	439	478	505
Pass/fail	PASS	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.

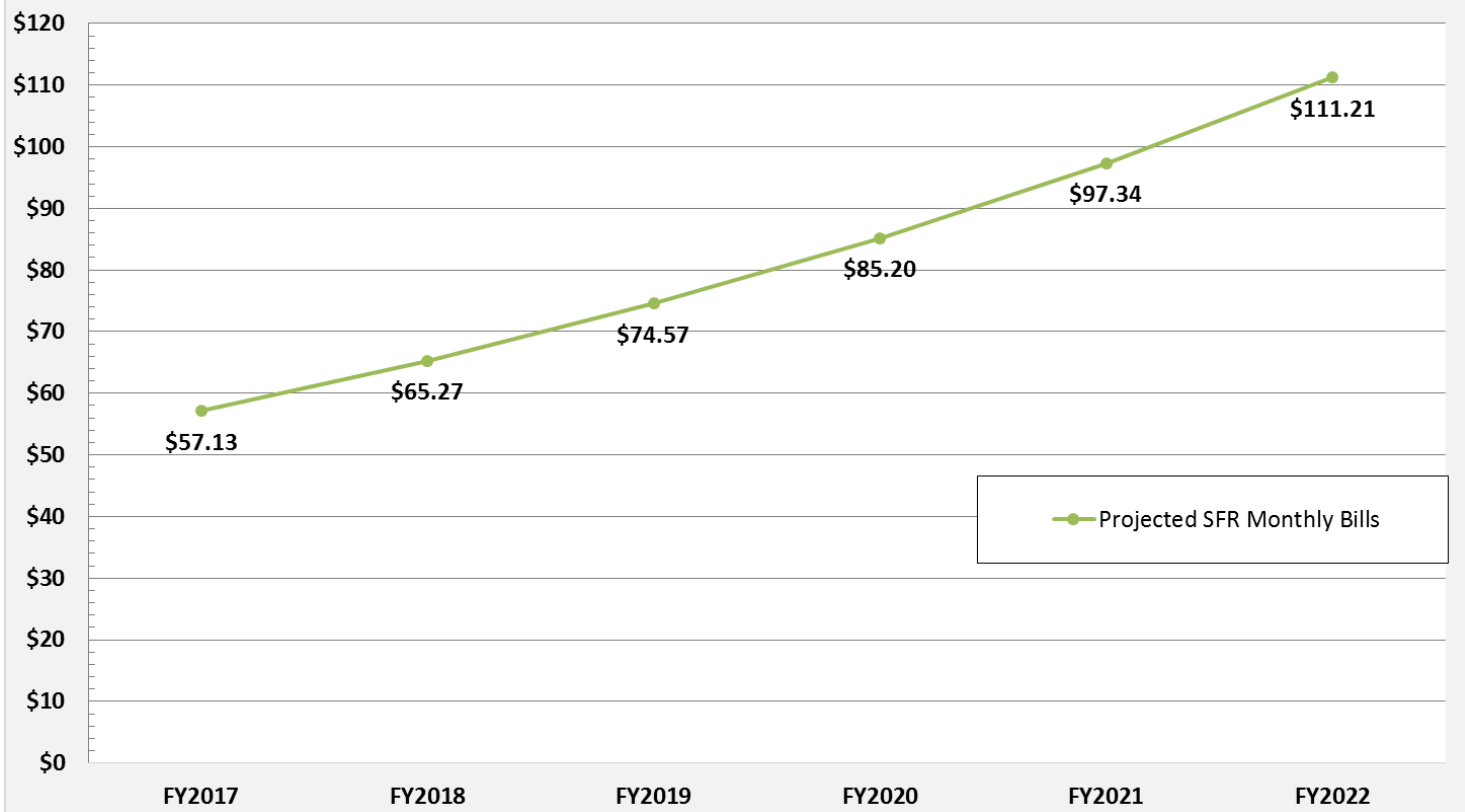
[3] 5% interest rate, 30 year repayment.

[4] Minimum requirement debt service coverage requirement = 1.25x

Table 2  
City of Foster City / Estero Municipal Improvement District  
Projected Wastewater Rate Impacts

Projected Rates	Current	Projected - Fiscal Year Ending June 30				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>% Rate Increase</b>		<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>	<b>14.25%</b>
<b>Residential (flat monthly rate)</b>						
Single Family	\$57.13	\$65.27	\$74.57	\$85.20	\$97.34	\$111.21
<i>Increase (Decrease)</i>		8.14	9.30	10.63	12.14	13.87
Townhouse/Duplex	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase (Decrease)</i>		6.84	7.81	8.93	10.20	11.65
Apartment/Condominium (Pools w/ Restrooms)	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase (Decrease)</i>		6.84	7.81	8.93	10.20	11.65
<b>Commercial (rate per ccf of water use)</b>						
High Strength	\$10.38	\$11.86	\$13.55	\$15.48	\$17.69	\$20.21
<i>Increase (Decrease) per ccf</i>		1.48	1.69	1.93	2.21	2.52
Medium/Domestic Strength	\$3.65	\$4.17	\$4.76	\$5.44	\$6.22	\$7.11
<i>Increase (Decrease) per ccf</i>		0.52	0.59	0.68	0.78	0.89
Low Strength	\$2.40	\$2.74	\$3.13	\$3.58	\$4.09	\$4.67
<i>Increase (Decrease) per ccf</i>		0.34	0.39	0.45	0.51	0.58

**Foster City/Estero Municipal Improvement District  
Monthly Single Family Residential Wastewater Bill**





DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

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

SUBJECT: INTERNAL SERVICE SUMMARY AND FUND BALANCE ANALYSIS

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### RECOMMENDATION

Staff seeks direction from the City Council for staff to prepare a resolution for adoption at the June 5, 2017 City Council regular meeting amending the Fiscal Year 2016-2017 budget to effectuate the reallocation of surplus funds from the Vehicle Replacement Fund to the Information Technology Fund, Building Maintenance Fund, and Compensated Absences Fund 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 Self-Insurance each have projected excess reserves at the end of FY 2016-2017. However, the Information Technology, Building Maintenance, and Compensated Absences Funds have reserves below targeted levels. Each of these Funds will need a relocation of funds to cover the deficiency. 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 excess Fund Balance in the Equipment Replacement Fund be transferred to the Information Technology and Building Maintenance Funds via a resolution at the June 5, 2017 City Council regular meeting. The Longevity Recognition Fund and PEMHCA Fund are not included in this analysis as the bi-annual actuarial study is in progress. City staff will provide a separate



staff report on these later this budget cycle.

## 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. City staff will bring forth a separate staff report upon the completion of the bi-annual actuarial analysis.
- PEMHCA (508) – For the payment of Public Employees Medical and Hospital Care Act post-employment benefit plans to qualified individuals. City staff will bring forth a separate staff report upon the completion of the bi-annual actuarial analysis.
- 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 2016-2017, the funds were analyzed in late February. 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, the Vehicle Replacement Fund, Equipment Replacement Fund, and Self-Insurance Funds are adequately funded while the Information Technology, Building Maintenance, and Compensated Absences Funds are underfunded. 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.

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 5, 2017 City Council regular meeting to amend the Fiscal Year 2016-2017 budget to effectuate the reallocation of surplus funds from the Vehicle Replacement Fund to the Compensated Absences Fund for \$92,915 and from the Equipment Maintenance Fund to the Information Technology Fund and Building Maintenance Funds for \$331,860 and \$188,474 respectively in order to meet their respective targeted levels of reserves.

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.

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

Attachment:

A. Analysis of Internal Service Funds Balances

**City of Foster City**  
**Analysis of Internal Service Funds Balances**  
**Projected as of June 30, 2017**

<b>Fund Balance Analysis</b>	<b>501 Vehicle Replacement Fund 501</b>	<b>502 Equipment Replacement Fund</b>	<b>503 Self-Insurance Fund</b>	<b>504 Information Technology Fund</b>	<b>505 Building Maintenance Fund</b>	<b>509 Compensated Absences Fund 509</b>	<b>Total</b>
Estimated Ending Fund Balance at 6/30/2017 <sup>1</sup>	\$ 3,977,420	\$ 5,730,342	\$ 1,196,296	\$ 2,852,419	\$ 1,318,514	\$ 2,224,043	\$ 17,299,034
Funds required per respective analyses <sup>2</sup>	\$ 3,377,088	\$ 4,741,776	\$ 1,000,000	\$ 3,084,279	\$ 1,406,988	\$ 2,316,958	15,927,089
Projected funds available (required) at 6/30/2017 before minimum reserves	600,332	988,566	196,296	(231,860)	(88,474)	(92,915)	1,371,945
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	\$ 500,332	\$ 888,566	\$ 196,296	\$ (331,860)	\$ (188,474)	\$ (92,915)	\$ 971,945
Fund Reallocation To (From) Internal Service Funds	(92,915)	(520,334)	-	331,860	188,474	92,915	\$ -
Adjusted Excess (Deficient) Reserves After Transfers	\$ 407,417	\$ 368,232	\$ 196,296	\$ -	\$ -	\$ -	\$ 971,945

1

Estimated fund balances per financial review as of 2/23/17.

2

For Funds 501 (Vehicle Replacement), this amount is equivalent to the required reserves committed to fund asset replacements as of June 30, 2017

For Fund 509 (Compensated Absences), this represents the accrued liability for compensated absences in the General Fund per staff analysis performed in February 2017.



DATE: March 27, 2017

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Jennifer Liu, Parks and Recreation Director  
Kurt Zander, Buildings and Vehicles Maintenance Manager

SUBJECT: VEHICLE REPLACEMENT FUND OVERVIEW AND INTERNAL  
SERVICE FUND ALLOCATIONS FISCAL YEAR 2017-2018

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The mission and goal of the Vehicle Maintenance program is to provide management, maintenance, and inspection of all City/District vehicles and provide an efficient and safe vehicle fleet through established vehicle maintenance procedures. The Vehicle Replacement Fund provides for the distribution of costs among user departments and replacement of vehicles in a timely manner to accomplish program goals.

City vehicles are tools and resources that allow staff to effectively carry out City services. The Vehicle Maintenance Division continually monitors the fleet to ensure that each vehicle continues to effectively serve the needs of the City. Some examples of factors that can contribute to a vehicle's effectiveness include:

- Safety
- Life expectancy
- Fuel efficiency and sustainability
- Integrated technology
- Lighting
- Customization to suit user and operation

Following are current standard replacement schedules for the various types of vehicles in the City fleet:

- Police cruisers - 5 years
- Police motorcycles - 6 years

- Sedans - 6-7 years
- Public Works and Parks Maintenance trucks and tractors - 8-13 years
- CARES Vehicle (Mobile EOC) - 16 years
- Fire trucks/engines - 16 years

Staff evaluates vehicles on an on-going basis and at the time they are scheduled to be replaced. Safety is never compromised in these evaluations no matter the age of the vehicle or its scheduled replacement date. Various factors are evaluated, including:

- Maintenance record
- Idling time
- Mileage
- Condition of body, paint, and interior
- Type of use, for instance, Public Safety/Maintenance/Duty or Pool car

Based on the standard vehicle replacement schedule, 25 vehicles would be scheduled and funded for replacement in Fiscal Year 2017-2018. Staff recommends purchase of eight vehicles (six (6) scheduled replacements and two (2) early replacements based on type and use of specific vehicle) and to defer the purchase of 19 vehicles based on an assessment of vehicle performance and maintenance history. Staff does not anticipate that deferring 19 vehicles will have a significant impact on future scheduled replacements based on the overall condition of the fleet.

#### Vehicles for Purchase

DEPARTMENT	VEHICLE#	CURRENT MILEAGE	MODEL	YEAR PURCHASED	ESTIMATED REPLACEMENT COST*
Parks and Recreation	65	25,000	Ford E250 Cargo Van	2006	\$31,533
Parks and Recreation	68	37,245	Ford F250	2006	\$31,533
Police	26-03	52,632	Ford Crown Victoria	2011	\$39,073
Police	26-30	109,873	Ford Escape	2010	\$37,163
Fire	45-98	90,000	Ford 350	2006	\$86,000
Fire	E-29	87,000	QFA-Crimson	2003	\$640,820

Public Works (Wastewater)	38	17,458	Ford E350- CCTV Van	1999	\$57,305
Public Works (Wastewater)	30	44,083	Ford F350	2007	\$46,818
<b>Total</b>					<b>\$970,244</b>

\*Vehicle costs include replacement of the vehicle and its associated “build out” (such as radios, lights, utility boxes, bed liners, etc.)

### Vehicle Fleet

In FY 2016-2017, the Vehicle Maintenance Division maintained 88 vehicles (detailed in the attached Internal Service Charges Allocation Summary Fiscal Year 2017-2018) and approximately 400 pieces of small equipment.

Vehicle Maintenance Division staff continues to evaluate fuel efficient fleet alternatives. The vehicle inventory now includes five Toyota Prius hybrids, two Ford C-Max hybrids, one Ford Escape hybrid and one Ford Focus electric vehicle. The use of hybrid and electric vehicles has resulted in unleaded fuel savings of approximately 6,520 gallons over the past three fiscal years.

Staff routinely monitors fuel costs, and does not recommend an increase to the unleaded or diesel fuel budget at this time. Following is the average fuel cost per gallon for 2017:

Unleaded: \$2.17

Diesel: \$1.95

### Department Replacement Charges

The cost of Vehicle Maintenance is distributed among the various departments and funds based upon charge allocations that are determined by number and type of vehicles assigned to the departments as well as the cost of maintenance staff and insurance.

In FY 2017-2018, the administrative cost of supporting the Vehicle Maintenance Fund has been added to the budget based upon the Cost Allocation Study that was overseen by the Finance Department. This resulted in the addition of \$243,497 to the total budget which is then split between the departments based on the vehicles assigned to them.

Since FY 2014-2015, only 85% of the total projected replacement costs are charged back to departments. Because of interest earnings, cost savings associated with purchases and revenue from the sale of surplus vehicles, 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 vehicle and equipment purchases. Staff will continue to actively monitor the reserve balance.

#### Internal Service Fund Budget Analysis

The \$772,554 (51%) increase to the total Vehicle Maintenance budget can be attributed to the following:

- An increase of \$531,130 in the cost of replacement vehicles, which can be attributed to the cost of the replacement in FY 2017-2018 of a Fire Engine
- The addition of \$243,497 in Indirect Costs, which can be attributed to implementation of the Cost Allocation Study
- Reduction of \$36,900 in insurance allocations

Staff routinely monitors fund balances to ensure that adequate funds are available (see Item 4.4.1 - Internal Service Summary and Fund Balance Analysis). According to calculations from the Finance Department, the Vehicle Replacement Fund had a balance of \$3,897,330 at June 30, 2016. The amount directly attributable to the replacement of identified equipment through the end of FY 2016-2017 is \$3,766,679, and the contingency reserve in the fund is \$100,000 leaving an excess available balance of \$30,650, which is adequate for the requirements of the fund.

#### Attachments:

- Attachment 1 - Vehicle Replacement Fund Budget Narrative
- Attachment 2 - Draft Vehicle Maintenance Fund Operating Budget
- Attachment 3 - Vehicle Replacement Fund Comparison
- Attachment 4 - Internal Service Fund Charges Vehicle Replacement Fund
- Attachment 5 - Vehicles/Equipment to be Replaced
- Attachment 6 - Vehicles/Equipment Added or Deleted, Changes to Estimated Useful Lives, Changes to Replacement Values

# Vehicle Replacement Fund

The mission of the Vehicle Replacement Fund is to provide management, maintenance inspection and replacement of all City/District vehicles and equipment. The Vehicle Maintenance Division develops ongoing maintenance programs for City vehicles and works to develop a cost-effective inventory system.

Vehicle Maintenance Division staff consists of the Director of Parks and Recreation (15%), Building/Vehicle Manager (50%), one full-time Mechanic I, and one full-time Small Engine Mechanic.

The mission and goal of the Vehicle Maintenance program is to provide management, maintenance, and inspection of all City/District vehicles and provide an efficient and safe vehicle fleet through established vehicle maintenance procedures. The Vehicle Replacement Fund provides for the distribution of costs among user departments and replacement of vehicles in a timely manner to accomplish program goals.





**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 2016-2017	Requested 2017-2018
<b>Revenue Total</b>		<b>\$0.00</b>

**Expenditures**Add Exception Request **Capital Outlay** Add Line Item

		Approved 2016-2017	Requested 2017-2018
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	\$439,114.00	\$970,244.00
	<b>Subtotal</b>	<b>\$489,114.00</b>	<b>\$1,020,244.00</b>
501-0560-431-4385	EQUIPMENT TO BE REPLACED Add Item Note	\$5,926.00	\$0.00
	<b>Subtotal</b>	<b>\$5,926.00</b>	<b>\$0.00</b>
	<b>Capital Outlay Total</b>	<b>\$495,040.00</b>	<b>\$1,020,244.00</b>

Add Exception Request **Employee Services** Add Line Item

		Approved 2016-2017	Requested 2017-2018
501-0560-431-4110	PERMANENT SALARIES Add Item Note	\$278,000.00	\$290,800.00
	<b>Subtotal</b>	<b>\$278,000.00</b>	<b>\$290,800.00</b>
501-0560-431-4112	OVERTIME Add Item Note	\$1,000.00	\$1,000.00
	<b>Subtotal</b>	<b>\$1,000.00</b>	<b>\$1,000.00</b>
501-0560-431-4120	FRINGE BENEFITS Add Item Note	\$136,300.00	\$159,700.00
	<b>Subtotal</b>	<b>\$136,300.00</b>	<b>\$159,700.00</b>
	<b>Employee Services Total</b>	<b>\$415,300.00</b>	<b>\$451,500.00</b>

Add Exception Request **Internal Services** Add Line Item

		Approved 2016-2017	Requested 2017-2018
501-0560-431-4520	COMPENSATED ABSENCES Add Item Note	\$4,100.00	\$4,300.00
	<b>Subtotal</b>	<b>\$4,100.00</b>	<b>\$4,300.00</b>

501-0560-431-4556	EQUIPMENT REPLACEMENT	Add Item Note	\$5,960.00	\$10,450.00
			Subtotal	<b>\$5,960.00</b>
501-0560-431-4557	INFORMATION TECHNOLOGY SERVICES	Add Item Note	\$12,769.00	\$12,632.00
			Subtotal	<b>\$12,769.00</b>
501-0560-431-4562	INSURANCE	Edit Item Note	\$81,400.00	\$44,500.00
			Subtotal	<b>\$81,400.00</b>
			<b>Internal Services Total</b>	<b>\$104,229.00</b>

Add Exception Request **Services and Supplies** Add Line Item

			Approved 2016-2017	Requested 2017-2018
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	<b>\$1,200.00</b>
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	<b>\$471,000.00</b>
501-0560-431-4247	RENTAL OF MISCELLANEOUS EQUIPMENT	Add Item Note	\$800.00	\$800.00
			Subtotal	<b>\$800.00</b>
501-0560-431-4248	RADIO MAINTENANCE	Add Item Note	\$4,000.00	\$4,000.00
			Subtotal	<b>\$4,000.00</b>
501-0560-431-4251*	BIENNIAL VEHICLE INSPECTION & SUPPLIES	Add Item Note	\$3,500.00	\$3,500.00

501-0560-431-4251	FIRE VEHICLE PREVENTIVE MAINTENANCE	Edit Item Note	\$15,600.00	\$15,600.00
		Subtotal	<b>\$19,100.00</b>	<b>\$19,100.00</b>
501-0560-431-4253	NATIONAL AUTOMOBILE FLEET ASSOCIATION (NAFA)	Add Item Note	\$500.00	\$500.00
		Subtotal	<b>\$500.00</b>	<b>\$500.00</b>
501-0560-431-4254	FLEET MAINTENANCE/NOR CAL CONFERENCES	Add Item Note	\$500.00	\$500.00
		Subtotal	<b>\$500.00</b>	<b>\$500.00</b>
501-0560-431-4255	FORD & TOYOTA DIAGNOSTIC CERT TRAINING	Add Item Note	\$750.00	\$750.00
		Subtotal	<b>\$750.00</b>	<b>\$750.00</b>
	<b>Services &amp; Supplies Total</b>		<b>\$497,850.00</b>	<b>\$497,850.00</b>
	<b>Vehicle Maintenance Total - Before Reallocation</b>		<b>\$1,512,419.00</b>	<b>\$2,041,476.00</b>

Add Exception Request **Reallocation** Add Line Item

			Approved 2016-2017	Requested 2017-2018
501-0560-431-4463	INDIRECT COST ALLOCATION	Add Item Note	\$0.00	\$243,497.00
		Subtotal	<b>\$0.00</b>	<b>\$243,497.00</b>
	<b>Reallocation Total</b>		<b>\$0.00</b>	<b>\$243,497.00</b>
	<b>Vehicle Maintenance Total</b>		<b>\$1,512,419.00</b>	<b>\$2,284,973.00</b>

Budget Home

Vehicle Replacement Fund Comparison - 501

		FY 16/17	FY 17/18	Variance	Notes
4384	Capital Outlay-Vehicles	489,114	1,020,244	531,130	1
4385	Capital Outlay-Equipment	5,926	-	(5,926)	2
4110	Salaries	278,000	290,800	12,800	3
4112	Overtime	1,000	1,000	-	4
4120	Benefits	136,300	159,700	23,400	5
4520	Compensated Absences	4,100	4,300	200	6
4556	Equipment Replacement	5,960	10,450	4,490	7
4557	IT Services	12,769	12,632	(137)	8
4562	Insurance	81,400	44,500	(36,900)	9
4243	Department Supplies	1,200	1,200	-	10
4246	Maintenance	471,000	471,000	-	11
4247	Equipment Rental	800	800	-	12
4248	Citywide Utilities and JUA Utilities	4,000	4,000	-	13
4251	Contractual Services	19,100	19,100	-	14
4253	Memberships and Subscriptions	500	500	-	15
4254	Travel, Conferences, and Meetings	500	500	-	16
4255	Training	750	750	-	17
4463	Indirect Cost Allocation	-	243,497	243,497	18
		<u>1,512,419</u>	<u>2,284,973</u>	<u>772,554</u>	

Detailed Analysis

- Note 1 List of vehicles to be replaced is included in budget submittal
- Note 2 No equipment planned for replacement
- Note 3 Reflects step increases; no assumptions as to contractual adjustments
- Note 4 No Significant Change
- Note 5 Reflects step increases/changes to percentages; no assumptions as to contractual adjustments
- Note 6 Reflects step increases/changes to percentages
- Note 7 No significant change to equipment list; increases due to inflationary index and formula adjustmen
- Note 8 Detailed explanation of charges in IT Budget
- Note 9 Detailed explanation of charges in SIF Budget
- Note 10 No Significant Change
- Note 11 No Significant Change
- Note 12 No Significant Change
- Note 13 No Significant Change
- Note 14 No Significant Change
- Note 15 No Significant Change
- Note 16 No Significant Change
- Note 17 No Significant Change
- Note 18 New line reflecting implementation of Cost Study findings

INTERNAL SERVICE FUND CHARGES  
VEHICLE REPLACEMENT FUND 501

Department Charged (Receiving Goods/Services)	FY 16/17	FY 17/18	Variance	Notes
0110 CMO Admin	16,156	\$ 19,663	3,507	1
0510 Park & Rec Admin	41,095	\$ 50,197	9,102	2
0520 Parks Maint	268,052	\$ 295,821	27,769	3
0610 PD Chief's Office	13,738	\$ 16,711	2,973	4
0620 PD Field Ops	243,513	\$ 274,818	31,305	5
0630 PD Admin	69,691	\$ 79,924	10,233	6
0710 Fire Admin	44,151	\$ 49,359	5,208	7
0730 Fire Training/Ops	311,931	\$ 303,973	(7,958)	8
0740 Disaster Preparedness	10,863	\$ 13,746	2,883	9
0810 Planning Admin	20,238	\$ 31,861	11,623	10
0820 Building	42,346	\$ 45,989	3,643	11
0910 PW Admin & Engineering	37,298	\$ 59,911	22,613	12
0920 PW Lagoons & Levees	13,929	\$ 16,905	2,976	13
0930 PW Streets	56,944	\$ 76,790	19,846	14
1110 Fin Admin	7,028	\$ -	(7,028)	15
401 Water Enterprise	101,896	\$ 135,297	33,401	16
451 Wastewater Enterprise	192,786	\$ 236,293	43,507	17
505 Building Maint	46,003	\$ 35,003	(11,000)	18
Total All Funds	1,537,658	1,742,260	204,602	

Detailed Analysis

- Note 1 No change to vehicles - increase due to application of indirect costs
- Note 2 No change to vehicles - increase due to application of indirect costs
- Note 3 Extended the useful lives of five vehicles
- Note 4 No change to vehicles - increase due to application of indirect costs
- Note 5 Extended the useful lives of two vehicles
- Note 6 Extended the useful lives of two vehicles
- Note 7 Extended the useful life of one vehicle
- Note 8 Significantly reduced the replacement cost of E-29
- Note 9 No change to vehicles - increase due to application of indirect costs
- Note 10 Shifted full cost share of one vehicle to CDD (formerly shared with Finance Department)
- Note 11 Extended the useful lives of two vehicles
- Note 12 Adjusted distribution formula
- Note 13 No change to vehicles - increase due to application of indirect costs
- Note 14 Extended the useful lives of two vehicles
- Note 15 Shifted full cost share of one vehicle to CDD (formerly shared with Finance Department)
- Note 16 Increased the replacement cost for dump truck
- Note 17 Replacing two fully-funded vehicles and restarting accrual
- Note 18 Replacing cargo van and spreading cost over longer lifespan

Vehicle Replacement Fund  
Internal Service Charges Allocation  
For fiscal year beginning July 1, 2016

Total Operating Costs	\$	2,284,973	-- This amount agrees to the line item detail in the budget (attached).
less Capital Outlay	\$	(1,020,244)	
less Contingency	\$	(50,000)	
add Contingency used in 16-17	\$	50,000	
less Equipment Replacement	\$	(10,450)	
less Fire Maintenance costs	\$	(73,100)	
Net Operating Costs to Allocate	\$	1,181,179	

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 2017-18	GF Impact	Final Vehicle Replacement Charge for FY 2016-17	Increase (Decrease)
City Manager Admin	1.0	1.1%	\$ 13,422.49			5,777.57	\$ 19,200.06	\$ 462.93	\$ 19,663	\$ 13,764	\$ 16,156	3,507
Rec Admin	3.0	3.4%	\$ 40,267.47			8,747.67	\$ 49,015.13	\$ 1,181.81	\$ 50,197	\$ 50,197	\$ 41,095	9,102
Parks Maintenance	17.0	19.3%	\$ 228,182.31			60,674.29	\$ 288,856.60	\$ 6,964.64	\$ 295,821	\$ 295,821	\$ 268,052	27,769
Building Maintenance	2.0	2.3%	\$ 26,844.98			7,333.56	\$ 34,178.53	\$ 824.08	\$ 35,003	\$ 35,003	\$ 46,003	(11,000)
Vehicle Maintenance	2.0	2.3%	\$ 26,844.98		\$ 10,450.00	3,723.73	\$ 41,018.70	\$ (41,018.70)	\$ -	\$ -	\$ -	-
PD Chief	1.0	1.1%	\$ 13,422.49			2,894.70	\$ 16,317.19	\$ 393.42	\$ 16,711	\$ 16,711	\$ 13,738	2,973
PD Ops	15.0	17.0%	\$ 201,337.33			67,010.75	\$ 268,348.08	\$ 6,470.15	\$ 274,818	\$ 274,818	\$ 243,513	31,305
PD Admin	5.0	5.7%	\$ 67,112.44			10,929.58	\$ 78,042.02	\$ 1,881.67	\$ 79,924	\$ 79,924	\$ 69,691	10,233
Fire Admin	3.0	3.4%	\$ 40,267.47			7,929.62	\$ 48,197.08	\$ 1,162.08	\$ 49,359	\$ 49,359	\$ 44,151	5,208
Fire Operations	6.0	6.8%	\$ 80,534.93	\$ 73,100.00		143,181.50	\$ 296,816.43	\$ 7,156.56	\$ 303,973	\$ 303,973	\$ 311,931	(7,958)
Fire Department EOC	1.0	1.1%	\$ 13,422.49			-	\$ 13,422.49	\$ 323.63	\$ 13,746	\$ 9,622	\$ 10,863	2,883
CDD Admin	2.0	2.3%	\$ 26,844.98			4,265.50	\$ 31,110.48	\$ 750.11	\$ 31,861	\$ 31,861	\$ 20,238	11,623
CDD Bldg	3.0	3.4%	\$ 40,267.47			4,638.92	\$ 44,906.38	\$ 1,082.74	\$ 45,989	\$ 45,989	\$ 42,346	3,643
PW Admin	4.0	4.5%	\$ 53,689.95			4,810.23	\$ 58,500.19	\$ 1,410.50	\$ 59,911	\$ 29,955	\$ 37,298	22,613
PW Lagoons	1.0	1.1%	\$ 13,422.49			3,084.72	\$ 16,507.21	\$ 398.01	\$ 16,905	\$ 16,905	\$ 13,929	2,976
PW Streets	4.0	4.5%	\$ 53,689.95			21,292.10	\$ 74,982.05	\$ 1,807.90	\$ 76,790	\$ 76,790	\$ 56,944	19,846
PW Water	7.0	8.0%	\$ 93,957.42			38,154.13	\$ 132,111.55	\$ 3,185.35	\$ 135,297	\$ -	\$ 101,896	33,401
PW Wastewater	11.0	12.5%	\$ 147,647.38			83,082.24	\$ 230,729.61	\$ 5,563.13	\$ 236,293	\$ -	\$ 192,786	43,507
Finance Admin	0.0	0.0%	\$ -			-	\$ -	\$ -	\$ -	\$ -	\$ 7,028	(7,028)
Total	88	100.0%	\$ 1,181,179	\$ 73,100	\$ 10,450	\$ 477,531	\$ 1,742,260	\$ 0	\$ 1,742,260	\$ 1,330,692	\$ 1,537,658	\$ 204,602

13.3%

**City of Foster City -- Vehicle Replacement Fund  
Vehicles to be Replaced  
For the Year Ended June 30, 2018**

<b>Dept / Div</b>	<b>Vehicle #</b>	<b>Vehicle Make / Model</b>	<b>Replacement Cost</b>
05-50	65	06 FORD E250 CARGO VAN	31,533
05-60	68	06 FORD F250	31,533
06-20	26-03	11 FORD CROWN VICTORIA	39,073
06-20	26-30	10 FORD ESCAPE	37,163
07-30	45-98	06 FORD 350	86,000
07-30	E-29	03 QFA-CRIMSON	640,820
09-70	38	99 FORD F350-CCTV VAN	57,305
09-70	30	07 FORD F350	46,818
			<b>\$ 970,244</b>

**City of Foster City -- Vehicle Replacement Fund  
Equipment to be Replaced  
For the Year Ended June 30, 2017**

<b>Dept / Div</b>	<b>Equipment Description</b>	<b>Replacement Cost</b>
	None	
		<b>\$ -</b>
<b>TOTAL</b>		<b>\$ 970,244</b>

City of Foster City				
Vehicle Replacement Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2017-2018				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
NONE				
Items Deleted				
NONE				



City of Foster City					
Vehicle Replacement Fund					
Changes to Estimated Useful Lives					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
<b><u>Vehicles</u></b>					
08 FORD F250	05-20	7/1/2007	10	11	1
08 FORD RANGER XLT	05-20	7/1/2007	10	11	1
08 FORD 750	05-20	7/1/2007	10	11	1
08 FORD F250	05-20	7/1/2007	10	11	1
08 FORD F250	05-20	7/1/2007	10	11	1
13 POLICE INTERCEPTOR SEDAN	06-20	7/1/2012	5	6	1
13 POLICE INTERCEPTOR UTILITY	06-20	7/1/2012	5	6	1
11 FORD ESCAPE HYBRID	06-30	7/1/2010	7	8	1
07 FORD E-250 VAN	06-30	7/1/2006	11	12	1
10 TOYOTA PRIUS	07-20	7/1/2009	8	9	1
11 FORD F250	07-30	7/1/2010	7	9	2
06 FORD F350	07-30	7/1/2005	13	12	(1)
03 QFA-CRIMSON	07-30	7/1/2003	16	14	(2)
09 FORD RANGER	08-30	7/1/2008	9	10	1
09 FORD RANGER	08-30	7/1/2008	9	10	1
09 TOYOTA PRIUS	09-10	7/1/2008	9	10	1
09 FORD RANGER	09-10	7/1/2008	9	10	1
08 FORD F450	09-30	7/1/2007	10	11	1
02 HOIST TRUCK	09-30	7/1/2001	16	19	3
01 DUMP TRUCK	09-60	7/1/2000	17	19	2
06 FORD F350 KUV BODY	09-70	7/1/2005	12	14	2
<b><u>Vehicle Maintenance Equipment</u></b>					
AIR COMPRESSOR	05-60	7/1/2009	8	9	1
DIESEL DISPENSER	05-60	7/1/2004	13	14	1
DIESEL MONITOR SYST	05-60	7/1/2006	11	12	1
DIESEL TANK (X2)	05-60	7/1/1965	52	53	1
PETROCARD FUELING SYSTEM	05-60	7/1/2003	14	15	1
UNLEADED GAS DISPENSER	05-60	7/1/2001	16	17	1
UNLEADED GAS DISPENSER	05-60	7/1/2001	16	17	1
UNLEADED GAS MONITORING SYST	05-60	7/1/2006	11	12	1
UNLEADED FUEL TANK	05-60	7/1/1991	26	27	1

City of Foster City					
Vehicle Replacement Fund					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
<b><u>VEHICLES*</u></b>					
13 FORD TAURUS	01-10	7/1/2012	34,227	34,911	685
10 FORD RNGR	05-10	7/1/2009	24,244	24,729	485
01 FORD BUS	05-10	7/1/2014	68,413	69,781	1,368
06 FORD FREESTAR PASS WAGON	05-10	7/1/2016	28,154	28,717	563
08 HI RANGER	05-20	7/1/2008	95,724	97,638	1,914
08 FORD F250	05-20	7/1/2007	39,416	40,204	788
08 FORD RANGER XLT	05-20	7/1/2007	27,050	27,591	541
09 FORD F250	05-20	7/1/2008	31,533	32,163	631
10 FORD F250	05-20	7/1/2009	31,533	32,163	631
08 FORD 750	05-20	7/1/2007	95,724	97,638	1,914
11 FORD F250	05-20	7/1/2010	39,416	40,204	788
08 FORD F250	05-20	7/1/2007	39,416	40,204	788
07 FORD F250	05-20	7/1/2006	39,416	40,204	788
13 FORD F250	05-20	7/1/2012	27,050	27,591	541
07 FORD F250	05-20	7/1/2016	39,416	40,204	788
08 FORD F250	05-20	7/1/2007	39,416	40,204	788
10 FORD F250	05-20	7/1/2009	39,416	40,204	788
11 JD LL	05-20	7/1/2010	114,444	116,733	2,289
14 CASE 580M	05-20	7/1/2013	114,444	116,733	2,289
04 FORD F-250	05-20	7/1/2013	38,643	39,416	773
09 FORD F550	05-20	7/1/2008	48,425	49,393	968
00 FORD RNGR	05-20	7/1/2014	23,769	24,244	475
16 FORD TAURUS	06-10	7/1/2015	29,810	30,406	596
14 POLICE INTERCEPTOR UTILITY	06-20	7/1/2013	50,568	51,579	1,011
15 POLICE INTERCEPTOR UTILITY	06-20	7/1/2014	34,227	34,911	685
13 POLICE INTERCEPTOR SEDAN	06-20	7/1/2012	38,388	39,156	768
14 POLICE INTERCEPTOR UTILITY	06-20	7/1/2013	38,388	39,156	768
16 POLICE INTERCEPTOR UTILITY	06-20	7/1/2015	38,307	39,073	766
13 POLICE INTERCEPTOR UTILITY	06-20	7/1/2012	38,388	39,156	768
15 POLICE INTERCEPTOR UTILITY	06-20	7/1/2014	34,227	34,911	685
15 POLICE INTERCEPTOR UTILITY	06-20	7/1/2014	34,227	34,911	685
14 POLICE INTERCEPTOR UTILITY	06-20	7/1/2013	38,388	39,156	768
16 BMW	06-20	7/1/2016	27,602	28,154	552
09 BMW	06-20	7/1/2001	28,154	28,717	563
15 BMW	06-20	7/1/2014	27,602	28,154	552
07 FORD F150	06-20	7/1/2015	32,824	33,480	656
11 FORD ESCAPE HYBRID	06-30	7/1/2010	34,911	35,609	698
13 FORD POLICE INTERCEPTOR UTILITY	06-30	7/1/2012	30,406	31,015	608
09 TOYOTA PRIUS	06-30	7/1/2016	30,406	31,015	608
07 FORD MUSTANG	06-30	7/1/2015	26,498	27,028	530
07 FORD E-250 VAN	06-30	7/1/2006	28,862	29,440	577
10 TOYOTA PRIUS	07-20	7/1/2009	30,406	31,015	608

City of Foster City					
Vehicle Replacement Fund					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
15 FORD EXPLORER	07-30	7/1/2015	40,800	41,616	816
11 FORD F250	07-30	7/1/2010	69,822	71,219	1,397
06 FORD F350	07-30	7/1/2005	83,336	86,000	2,664
15 PIERCE	07-30	7/1/2013	619,389	631,777	12,388
03 QFA-CRIMSON	07-30	7/1/2003	760,160	640,820	(119,340)
15 PIERCE	07-30	7/1/2014	1,159,285	1,182,471	23,186
05 TOYOTA PRIUS	08-10	7/1/2016	30,406	31,015	608
08 TOYOTA PRIUS	08-10	7/1/2014	29,518	30,406	888
09 FORD RNGR	08-30	7/1/2008	24,244	24,729	485
12 TOYOTA PRIUS	08-10	7/1/2012	29,226	29,810	585
09 FORD RNGR	08-30	7/1/2008	24,244	24,729	485
07 TOYOTA PRIUS	09-10	7/1/2013	29,810	30,406	596
09 TOYOTA PRIUS	09-10	7/1/2008	30,406	31,015	608
09 FORD RANGER	09-10	7/1/2008	24,244	24,729	485
06 FORD F250	09-20	7/1/2015	35,331	36,037	707
13 FORD F250	09-30	7/1/2012	27,602	28,154	552
08 FORD F450	09-30	7/1/2007	56,308	57,434	1,126
06 FORD F250	09-30	7/1/2015	35,331	36,037	707
02 HOIST TRUCK	09-30	7/1/2001	56,308	110,000	53,692
07 FORD F350	09-60	7/1/2016	42,794	50,000	7,206
07 FORD F350	09-60	7/1/2016	42,794	50,000	7,206
05 FORD F350	09-60	7/1/2015	41,955	50,000	8,045
01 DUMP TRUCK	09-60	7/1/2000	146,401	175,000	28,599
01 FORD RNGR	09-60	7/1/2014	23,769	24,244	475
07 FORD RNGR (Meter Read)	09-60	7/1/2016	23,769	24,244	475
09 CASE 580M	09-60	7/1/2008	115,449	117,758	2,309
99 FORD E350-CCTV VAN	09-70	7/1/1999	55,204	57,305	2,101
07 FORD RNGR	09-70	7/1/2016	27,050	27,591	541
11 FORD F150	09-70	7/1/2010	31,533	32,163	631
07 FORD F350	09-70	7/1/2016	46,818	50,000	3,182
03 SEWER JET	09-70	7/1/2014	224,872	229,369	4,497
99 HOIST TRUCK	09-70	7/1/2013	171,666	175,099	3,433
06 FORD F350 KUV Body	09-70	7/1/2005	42,794	43,650	856
09 FORD F350	09-70	7/1/2008	42,794	50,000	7,206
FORD F550 (Hydro Flush - Truck Portion Only)	09-70	7/1/2012	49,684	50,677	994
HYDRO FLUSH UNIT (Equipment Portion Only)	09-70	7/1/2008	51,952	52,991	1,039
04 STERLING SEWER VAC	09-70	7/1/2015	314,663	320,956	6,293
<b>Subtotal - Changes to Vehicle Replacement Values</b>			6,413,607	6,516,367	102,760
<b>EQUIPMENT^</b>					
5 STATION FLUID DISPENSER	05-60	7/1/1996	7,542	7,636	94
AIR COMPRESSOR	05-60	7/1/2016	5,926	6,000	74

City of Foster City					
Vehicle Replacement Fund					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
AIR COMPRESSOR	05-60	7/1/2009	2,155	3,000	845
DIESEL DISPENSER	05-60	7/1/2004	10,252	10,380	128
DIESEL MONITOR SYST	05-60	7/1/2006	31,528	31,922	394
DIESEL TANK (X2)	05-60	7/1/1965	102,516	103,797	1,281
GENESIS SCAN / SCOPE	05-60	7/1/2012	11,705	11,851	146
JACK HYDRAULIC 20T	05-60	7/1/2004	5,255	5,320	66
PETROCARD FUELING SYSTEM	05-60	7/1/2003	25,857	26,180	323
TESTER-AMP/VOLT	05-60	7/1/2001	2,155	2,182	27
TIRE BALANCING MACHINE	05-60	7/1/2013	4,256	4,310	53
TIRE CHANGING MACHINE	05-60	7/1/2013	4,256	4,310	53
UNLEADED GAS DISPENSER	05-60	7/1/2001	10,380	10,509	130
UNLEADED GAS DISPENSER	05-60	7/1/2001	10,380	10,509	130
UNLEADED GAS MONITORING SYST	05-60	7/1/2006	31,528	31,922	394
UNLEADED FUEL TANK	05-60	7/1/1991	58,525	59,256	732
UNLEADED GAS DISPENSER	05-60	7/1/2001	58,525	59,256	732
VEHICLE LIFT #1	05-60	7/1/2004	17,238	17,454	215
VEHICLE LIFT #2	05-60	7/1/2004	17,238	17,454	215
<b>Subtotal - Changes to Equipment Replacement Values</b>			417,215	423,248	6,033
<b>Grand Total - Changes to all Replacement Values</b>			<b>6,830,822</b>	<b>6,939,615</b>	<b>108,793</b>
* Vehicles are assumed to increase by 2% per year.					
^ Equipment is assumed to increase by 1.25% per year.					



DATE: March 27, 2017

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Edmund Suen, Finance Director  
Andra Lorenz, Senior Management Analyst

SUBJECT: EQUIPMENT REPLACEMENT FUND BUDGET AND INTERNAL  
SERVICE CHARGES FOR FY 2017-2018

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Attached are the summary spreadsheets for the Equipment Replacement Fund.

The Equipment Replacement Fund list is 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 except that non-General Fund PEG funding was separately listed for replacement of Foster City Television broadcast equipment.

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 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 2017-2018 are summarized in Table 1.

**Table 1: Replacement Value of Assets Scheduled for Replacement**

Non-Enterprise (General) Fund	\$ 1,172,627
Water Enterprise Fund	\$ 10,000
Wastewater Enterprise Fund	\$ 314,995
Total	\$ 1,497,622

### 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.

Since FY 2013-2014, only 85% of the total projected replacement cost has been 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.

Table 2 summarizes the annual replacement charges for Fiscal Year 2017-2018, and an overview of the reasons for the changes in Replacement Charge is included below.

**Table 2: Equipment Replacement Fund Annual Replacement Charge Summary - All Funds**

Fund	FY 2016-2017	FY 2017-2018	Increase (Decrease)	% Change
<b>General (85%)</b>	465,480	549,934	84,454	18%
<b>Water</b>	288,439	322,593	34,154	12%
<b>Wastewater</b>	374,622	350,140	(24,482)	-7%

<b>Totals</b>	1,128,541	1,222,667	94,126	8%
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- Non-Enterprise (General) Fund. Replacement charges reflect minor adjustments to the equipment list useful lives and replacement costs. Some significant changes in the Non-Enterprise (General) Fund reflect the transfer of costs for FCTV from the General Fund to PEG funding sources, the rising costs of parks playground equipment, the addition of watercraft to the Fire Department list and the increase in cost for Public Works heavy equipment.
- Water Fund. 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. In addition, the replacement cost for all rectifiers was increased significantly.
- Wastewater Collection Fund. There were no major changes, but the overall reduction in replacement cost reflects adjustments to useful life and/or replacement cost for a number of items on the list.

### Fund Balances

Staff routinely monitors fund balances to ensure that adequate funds are available (see Item 4.4.1 - Internal Service Summary and Funds Balance Analysis). According to calculations by the Finance Department, by the end of FY 2016-2017, the Equipment Replacement Fund (General Fund) is expected to have a balance of \$5,759,142. The amount committed to the replacement of identified equipment through the end of FY 2016-2017 is \$4,741,776, and the contingency reserve in the fund is \$100,000, leaving an excess available balance of \$917,366, which approximately is 19% 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.

For Fiscal Year 2017-2018, the difference between 100% and 85% charge-back methodologies is approximately \$97,000. Based on the above discussion of the fund balance, the Equipment Replacement Fund is adequately funded. Staff will continue to monitor the fund balances to ensure that adequate funding remains available to address the needs of the operation.

Attachments:

### **Non-Enterprise (General) Funds**

- Attachment 1 - Budget Narrative
- Attachment 2 - Equipment Replacement Fund Detail Line Item Report
- Attachment 3 - Variance Analysis of Equipment Replacement Charges
- Attachment 4 - Department Internal Services Charges Allocation Summary
- Attachment 5 - Items to be Replaced
- Attachment 6 - Items Added To or Deleted From the Equipment Replacement List, Changes to Estimated Useful Lives, Changes to Replacement Values

### **Water Enterprise Fund**

- Attachment 7 - Items to be Replaced
- Attachment 8 - Items Added To or Deleted From the Equipment Replacement List, Changes to Estimated Useful Lives, Changes to Replacement Values

### **Wastewater Collection Enterprise Fund**

- Attachment 9 - Items to be Replaced
- Attachment 10 - Items Added To or Deleted From the Equipment Replacement List, Changes to Estimated Useful Lives, Changes to Replacement Values



# 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.



# Detail Line Item Report

Budget Home

EQUIPMENT REPLACEMENT  
FDCITY/DISTRICT MANAGER - Administration  
0110-413

Account: 502-

Division Notes  
(20)Add Division  
Note

## Revenue Add Revenue

	Approved 2016-2017	Requested 2017-2018
<b>Revenue Total</b>		<b>\$0.00</b>

## Expenditures

Add Exception Request **Capital Outlay** Add Line Item

		Approved 2016-2017	Requested 2017-2018
502-0110-413-4385	EMERGENCY REPLACEMENT Add Item Note	\$50,000.00	\$50,000.00
502-0110-413-4385	EQUIPMENT REPLACEMENT -- GENERAL FUND Add Item Note	\$528,248.00	\$990,182.00
	<b>Subtotal</b>	<b>\$578,248.00</b>	<b>\$1,040,182.00</b>
502-0110-413-4387	EQUIPMENT REPLACEMENT - PEG EQUIPMENT Note Add Item	\$0.00	\$144,800.00
	<b>Subtotal</b>	<b>\$0.00</b>	<b>\$144,800.00</b>
	<b>Capital Outlay Total</b>	<b>\$578,248.00</b>	<b>\$1,184,982.00</b>

Add Exception Request **Employee Services** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Employee Services Total</b>	<b>\$0.00</b>	<b>\$0.00</b>

Add Exception Request **Internal Services** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Internal Services Total</b>	<b>\$0.00</b>	<b>\$0.00</b>

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2016-2017	Requested 2017-2018
502-0110-413-4246	EQUIPMENT REPLACEMENT - TOOLS AND EQUIPMENT Add Item Note	\$0.00	\$37,645.00
	<b>Subtotal</b>	<b>\$0.00</b>	<b>\$37,645.00</b>
	<b>Services &amp; Supplies Total</b>	<b>\$0.00</b>	<b>\$37,645.00</b>
	<b>Administration Total - Before Reallocation</b>	<b>\$578,248.00</b>	<b>\$1,222,627.00</b>

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Add Exception Request **Reallocation** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Reallocation Total</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Administration Total</b>	<b>\$578,248.00</b>	<b>\$1,222,627.00</b>

[Budget Home](#)

**Equipment Replacement Fund - General Fund**

Asset Category	Budget FY 2016-17	Budget FY 2017-18	Increase (Decrease)	Notes
4385 Emergency Replacement	50,000	50,000	-	1
4385 Equipment Replacement - General Fu	528,248	990,182	461,934	2
4387 Equipment Replacement - PEG Equip	-	144,800	144,800	3
4246 Tools and Equipment	-	37,645	37,645	4
	<u>578,248</u>	<u>1,222,627</u>	<u>644,379</u>	

## Detailed Analysis

Note 1 No Significant Change

Note 2 Detailed list of items for replacement in ERF packet

Note 3 Previously combined in account 4385

Note 4 Previously combined in account 4385

INTERNAL SERVICE FUND CHARGES  
EQUIPMENT REPLACEMENT FUND 502

Department Charged (Receiving Goods/Services)	FY 16/17	FY 17/18	Variance	Notes
0210 Comm/Clerk Admin	1,084	1,084	-	1
0230 Comm/Clerk Communications	10,865	2,133	(8,732)	2
0510 Park & Rec Admin	26,784	23,967	(2,817)	3
0520 Parks Maint	210,140	258,545	48,405	4
0530 Facilities	15,148	21,157	6,009	5
0620 PD Field Ops	20,301	18,723	(1,579)	6
0630 PD Admin	25,174	25,174	(0)	7
0730 Fire Training/Ops	85,499	96,154	10,655	8
0740 Disaster Preparedness	2,298	1,130	(1,169)	9
0920 PW Lagoons & Levees	56,947	59,164	2,217	10
0930 PW Streets	7,330	41,005	33,675	11
1010 Council	1,360	-	(1,360)	12
1210 HR Admin	2,550	1,700	(850)	13
Total All Funds	465,480	549,934	84,455	

Detailed Analysis

- Note 1 No significant change
- Note 2 PEG Funding used to fund recent purchases, reducing GF transfer
- Note 3 Deferred fully-funded items due for replacement.
- Note 4 Significant increases to the replacement cost of Playground Equipment at 11 parks
- Note 5 Adjustments to the replacement cost of tables and chairs.
- Note 6 Deferred fully-funded items due for replacement; moved Tactical Assault Vests from ERF to GF.
- Note 7 No significant change
- Note 8 Added Personal Watercraft to the list; removed dishwasher; reduced the useful lives of several items.
- Note 9 Extended the useful lives of EOC chairs.
- Note 10 General adjustments; no significant change
- Note 11 Significant increase to cost of equipment fo T16; other general adjustments.
- Note 12 All items are fully funded and replacement has been deferred.
- Note 13 Item due to be replaced FY 2017-18; future replacement spread over longer life.

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 2017-18	FY 2016-17	Increase (Decrease)	% Change	Comments	FY 2017-18
		Asset Replacement Charges	Asset Replacement Charges				0.85 Annual Charge Rate
<b>Communications/City Clerk</b>							
Administration	02-10	1,275	1,275	-	0.0%	No significant change	1,084
FCTV	02-30	2,510	12,782	(10,272)	-80.4%	PEG Funding used to fund recent purchases, reducing GF transfer	2,133
<b>Human Resources</b>	12-10	2,000	3,000	(1,000)	-33.3%	Item due to be replaced FY 2017-18; future replacement spread over longer life.	1,700
<b>City Council</b>	10-10	-	1,600	(1,600)	-100.0%	All items are fully funded and replacement has been deferred.	-
<b>Parks &amp; Recreation</b>							
Administration	05-10	28,196	31,511	(3,315)	-10.5%	Deferred fully-funded items due for replacement.	23,967
Parks Maintenance	05-20	304,170	247,223	56,947	23.0%	Significant increases to the replacement cost of Playground Equipment at 11 parks	258,545
Facility Operations	05-25	24,891	17,821	7,070	39.7%	Adjustments to the replacement cost of tables and chairs.	21,157
<b>Police</b>							
Operations	06-20	22,027	23,884	(1,857)	-7.8%	Deferred fully-funded items due for replacement; moved Tactical Assault Vests from ERF to	18,723
Administration	06-30	29,616	29,616	(0)	0.0%	No significant change	25,174
<b>Fire</b>							
Operations	07-30	113,122	100,587	12,535	12.5%	Added Personal Watercraft to the list; removed dishwasher; reduced the useful lives of several items.	96,154
Emergency Preparedness	07-40	1,329	2,704	(1,375)	-50.8%	Extended the useful lives of EOC chairs.	1,130
<b>Public Works</b>							
Lagoon & Levees	09-20	69,605	66,996	2,609	3.9%	General adjustments; no significant change	59,164
Streets	09-30	48,241	8,624	39,617	459.4%	Significant increase to cost of equipment for T16; other general adjustments.	41,005
<b>Total</b>		<b>646,982</b>	<b>547,623</b>	<b>99,359</b>	<b>18.1%</b>		<b>549,934</b>

**City of Foster City -- Equipment Replacement Fund - Non-Enterprise (General) Funds**  
**Items to be Replaced**  
**For the Year Ended June 30, 2018**

Department	Item Description	Replacement Cost
05-20	Billy Goat Blower/Boothbay	2,500
05-20	Billy Goat Blower/Catamaran	2,500
05-20	Billy Goat Blower/Ryan B	2,500
05-20	Ground Hoe Auger/CY	3,000
05-30	Oval Tables - Pool A (5)	3,145
06-20	Tactical Assault Vest	2,000
07-30	CPR Mannequins	3,000
07-30	Cut Off Saw	1,200
07-30	Defibrillators (AED) (2)	3,000
07-30	Mattresses Pool B	1,500
07-30	Water Vac	3,800
09-30	Metrotech Pipe and Cable Locator	3,500
09-30	Paint Sprayer - Airless	3,500
09-30	Portable Generator	2,500
<b>Total Tools and Equipment up to \$5,000</b>		<b>\$ 37,645</b>

Department	Item Description	Replacement Cost
05-20	Mower #4 - Toro Z	14,000
05-20	Mower #6 - Toro Z	14,000
05-20	Mower #8 - Toro Z	14,000
05-20	Playground Equipment - Erckenbrack Park	100,000
05-20	Playground Equipment - Port Royal Park	125,000
05-20	Playground Equipment - Turnstone Park	100,000
05-30	8-foot Tables - Lagoon	6,250
05-30	Regular Use Chairs - Pool B (116)	8,932
06-20	Lidar Guns (3)	10,800
06-20	Shotgun (Rem 870) (17)	7,500
06-20	SWAT Weapons (4)	5,500
07-30	FD Headsets Pool C	7,500
07-30	FD Mobile Radios Pool B	10,300
07-30	FD Portable Radios Pool B	12,400
07-30	Turnouts Pool B (12)	35,000
09-20	Boat - 60 hp engine	11,000
09-20	3-Auto Intake Gate Openers	27,000
09-20	3-Bar Screens/Trash Racks (Sea Cloud Park)	30,000
09-30	Illuminated Street Name Signs	275,000
09-30	Programmable Trailer-Mounted Message Board	20,000
09-30	Signal Controllers (25)	150,000
12-10	City Hall Gym Equipment	6,000
<b>Total Capital Outlay - Machinery and Equipment Over \$5,000</b>		<b>\$ 990,182</b>

Department	Item Description	Replacement Cost
02-30	ClearCom PL Communication System	1,800
02-30	Council Chambers Audio System	70,000
02-30	Crestron Control System - Board Room	7,500
02-30	Crestron Control System - Control Room and Council Chambers	10,000
02-30	CVI Cable Connectors	7,900
02-30	Extron RGB Down Converter to Video #60-312-01	1,800
02-30	Extron Video to RGB Scalers DVs 204	5,000
02-30	Extron Misc Controllers	1,500
02-30	Lectrosonics Wireless Mics, Receivers and Antennae	11,000
02-30	Listen ADA Hearing System	2,000
02-30	Marshall (Triple Monitor Set #1)	1,500
02-30	Marshall (Triple Monitor Set #2)	1,300
02-30	Marshall (Triple Monitor Set #3)	1,000
02-30	Playback System (including monitors and switcher)	15,000
02-30	Sony 15" Color Monitors Table Mount #SDM-X52 (Council Desks)	2,700
02-30	Sony Digital VTR #DSR-25	3,400
02-30	Sony 8" Color Preview Monitor (2)	1,400
<b>Total PEG Funding Eligible Items \$5,000</b>		<b>\$ 144,800</b>

**TOTAL (ALL ITEMS)** **\$ 1,172,627**

City of Foster City				
Equipment Replacement Fund (General Fund)				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2017-2018				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
<b>Items Added</b>				
Lagoon Room Stage (Large)	05-10	7/1/1997	7,500	
Lagoon Room Stage (Small) 1	05-10	7/1/1997	3,500	
Lagoon Room Stage (Small) 2	05-10	7/1/1997	3,500	
Drain (Snake) Cleaning Machine	05-20	7/1/2015	3,500	
6-foot tables (12) - (Sr. Wing)	05-30	7/1/1998	3,000	
Watercraft 2 - PWC	07-30	7/1/2016	45,000	
<b>Total</b>			<b>\$ 66,000</b>	
<b>Items Deleted</b>				
Tactical Assault Vest	06-20	7/1/2012	\$ 2,000	
Tactical Assault Vest	06-20	7/1/2012	\$ 2,000	
Tactical Assault Vest	06-20	7/1/2016	\$ 2,000	
Dishwasher 2	07-30	7/1/2016	\$ 1,500	
Posichok Bench Testing Unit	07-30	7/1/2005	\$ 11,000	
Lansas Dome Head	09-20	7/1/2009	\$ 3,000	
<b>Total</b>			<b>\$ 21,500</b>	
<b>Grand Total</b>			<b>44,500</b>	



City of Foster City					
Equipment Replacement Fund (General Fund)					
Changes to Estimated Useful Lives					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
Council Chambers Chairs (30)	10-10	7/1/2002	15	16	1
Council Chambers Integrated Control Table	10-10	7/1/2002	15	16	1
Council Chambers Tables (6)	10-10	7/1/2002	15	16	1
Crestron Control System BOARD ROOM	02-30	7/1/2012	9	5	(4)
COUNCIL CHAMBERS	02-30	7/1/2012	9	5	(4)
Sony Document Camera	02-30	7/1/2016	14	11	(3)
Double Oven (Vibe)	05-10	7/1/2009	8	9	1
Ice Machine (Bluebird)	05-10	7/1/2009	8	9	1
Sound Equipment - Lagoon	05-10	7/1/2007	10	11	1
Stereo - Vibe	05-10	7/1/2009	8	9	1
150-Gallon Sprayer Hydro Corp/CY	05-20	7/1/2005	13	14	1
John Deere Field Groomer/SCP	05-20	7/1/2013	4	5	1
Playground Equipment - Arcturus Park	05-20	7/1/2003	15	17	2
Playground Equipment - Catamaran Park	05-20	7/1/2015	13	15	2
Playground Equipment - Edgewater Tot Lot	05-20	7/1/2003	15	16	1
Playground Equipment - Gull Park	05-20	7/1/2001	16	17	1
Playground Equipment - Marlin Park	05-20	7/1/2001	16	17	1
Playground Equipment - Rec Center Tot Lot	05-20	7/1/2000	15	21	6
Portable Toilet - White/CY	05-20	7/1/2008	10	11	1
Turfco - Top Dresser/CY	05-20	7/1/2008	9	10	1
Community Center Regular Use Chairs (100)	05-30	7/1/2012	5	6	1
Colt (AR-15) 5.56mm (11)	06-20	7/1/2001	17	16	(1)
Less Lethal Weapons (DefTec) (11)	06-20	7/1/2001	16	18	2
Fire Hose E29	07-30	7/1/2003	16	15	(1)
Shore Compressor	07-30	7/1/2006	30	15	(15)
Station Alerting System (2)	07-30	7/1/2016	18	10	(8)
Technical Rescue Equipment - Water Rescue	07-30	7/1/2016	12	4	(8)
Water Rescue Suits (3) - Pool A	07-30	7/1/2013	7	5	(2)
Water Rescue Suits (3) - Pool B	07-30	7/1/2016	7	4	(3)
Water Rescue Suits (3) - Pool C	07-30	7/1/2013	7	6	(1)
Water Rescue Suits (3) - Pool D	07-30	7/1/2016	7	5	(2)
Watercraft 1	07-30	7/1/2003	13	17	4
EOC Chairs	07-40	7/1/2002	16	19	3
3-Auto Intake Gate Openers	09-20	7/1/1965	55	52	(3)
3-Bar Screens/Trash Racks (Sea Cloud Park)	09-20	7/1/1985	45	32	(13)
3-Flapper Gates - Inlet (inboard side)	09-20	7/1/2004	49	54	5
3-Sluice Gates-Inlet	09-20	7/1/1992	28	48	20
Adjustable Rammer	09-30	7/1/2009	8	11	3
Bobcat Skid Loader	09-30	7/1/2004	15	18	3
Cement/Asphalt Saw	09-30	7/1/2008	9	11	2
Equipment on T16	09-30	7/1/2001	17	19	2
Metrotech Pipe and Cable Locator	09-30	7/1/2013	5	4	(1)
Mobile Roller	09-30	7/1/1997	22	24	2
Programmable Trailer-Mounted Message Board	09-30	7/1/2003	15	14	(1)
Traffic Line Remover Eradicator	09-30	7/1/1996	22	24	2

City of Foster City					
Equipment Replacement Fund (General Fund)					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
Ice Machine (Bluebird)	05-10	7/1/2009	2,000	2,500	500
150-Gallon Sprayer Hydro Corp / CY	05-20	7/1/2005	12,000	13,000	1,000
Playground Equipment - Arcturus Park	05-20	7/1/2003	85,000	100,000	15,000
Playground Equipment - Catamaran Park	05-20	7/1/2015	53,000	150,000	97,000
Playground Equipment - Edgewater Park Tot Lot	05-20	7/1/2003	79,000	100,000	21,000
Playground Equipment - Farragut Park	05-20	7/1/2004	109,500	180,000	70,500
Playground Equipment - Gull Park	05-20	7/1/2001	100,000	125,000	25,000
Playground Equipment - Ketch Park	05-20	7/1/2015	84,400	140,000	55,600
Playground Equipment - Killdeer Park	05-20	7/1/2004	95,000	150,000	55,000
Playground Equipment - Marlin Park	05-20	7/1/2001	100,000	125,000	25,000
Playground Equipment - Sea Cloud Park	05-20	7/1/2016	120,000	200,000	80,000
Playground Equipment - Shad Park	05-20	7/1/2004	90,000	120,000	30,000
Playground Equipment - Sunfish Park	05-20	7/1/2004	103,000	120,000	17,000
Portable Toilet - White/CY	05-20	7/1/2008	20,000	25,000	5,000
8-foot Tables - Gull/Spirit	05-30	7/1/2016	4,725	5,500	775
Community Center Classroom Tables (25)	05-30	7/1/2012	8,750	10,000	1,250
Community Center Regular Use Chairs (100)	05-30	7/1/2012	6,000	7,500	1,500
Oval Tables - Pool E (7)	05-30	7/1/2016	4,403	6,000	1,597
3-Auto Intake Gate Openers	09-20	7/1/1965	30,000	27,000	(3,000)
4" Wacker Trash Pump	09-20	7/1/2009	3,500	4,000	500
Bobcat Skid Loader	09-30	7/1/2004	30,000	36,000	6,000
Curb Painting Machine	09-30	7/1/2009	15,000	20,000	5,000
Equipment on T16	09-30	7/1/2001	50,000	110,000	60,000
Metrotech Pipe and Cable Locator	09-30	7/1/2013	6,000	3,500	(2,500)
Mobile Roller	09-30	7/1/1997	37,000	45,000	8,000
Programmable Trailer-Mounted Message Board	09-30	7/1/2003	31,500	20,000	(11,500)
<b>Total</b>			<b>\$ 1,279,778</b>	<b>\$ 1,845,000</b>	<b>\$ 565,222</b>

**City of Foster City -- Equipment Replacement Fund (Water)**  
**Items to be Replaced**  
**For the Year Ended June 30, 2018**

<b>Department</b>	<b>Item Description</b>	<b>Replacement Cost</b>
09-60	Corp Yard Gym Equipment	1,500
09-60	Pipe Locator	3,500
09-60	Portable Valve Operator	5,000
<b>TOTAL Tools and Equipment up to \$5,000 Per Unit</b>		<b>10,000</b>

<b>Department</b>	<b>Item Description</b>	<b>Replacement Cost</b>
	None	
<b>Total Capital Outlay - Machinery and Equipment Over \$5,000</b>		<b>-</b>
<b>TOTAL (ALL ITEMS)</b>		<b>10,000</b>

City of Foster City				
Equipment Replacement Fund (Water Fund)				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2017-2018				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
None				
Total			\$ -	
Items Deleted				
None				
Total			\$ -	

City of Foster City					
Equipment Replacement Fund (Water Fund)					
Changes to Estimated Useful Lives					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
4" Port Meter Tester	09-60	7/1/2000	18	20	2
Bobcat Skid Loader	09-60	7/1/2004	15	18	3
Portable Valve Operator	09-60	7/1/1999	20	18	(2)
Shoring Trailer	09-60	7/1/2009	10	15	5

City of Foster City					
Equipment Replacement Fund (Water Fund)					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
Bobcat Skid Loader/ CY	09-60	7/1/2004	5,000	6,000	1,000
PORTABLE VALVE OPERATOR	09-60*	7/1/1999	15,000	5,000	(10,000)
RECTIFIER (CORPORATION YARD PUMP HOUSE)	09-60*	7/1/2005	5,000	15,000	10,000
RECTIFIER (EDGEWATER/SEA SPRAY)	09-60*	7/1/1998	5,000	15,000	10,000
RECTIFIER (MARINERS ISLAND)	09-60*	7/1/2016	5,000	15,000	10,000
RECTIFIER (PR1)	09-60*	7/1/2001	5,000	15,000	10,000
RECTIFIER (RAINBOW)	09-60*	7/1/1998	5,000	15,000	10,000
SHORING TRAILER	09-60	7/1/2009	2,000	10,000	8,000
3/4" Measuring Chamber Register with Radio Read Heads POOL A	09-60*	7/1/2007	478,736	502,673	23,937
3/4" Measuring Chamber Register with Radio Read Heads POOL B	09-60*	7/1/2008	451,969	474,567	22,598
3/4" Measuring Chamber Register with Radio Read Heads POOL C	09-60*	7/1/2009	292,536	307,163	14,627
3/4" Measuring Chamber Register with Radio Read Heads POOL D	09-60*	7/1/2010	411,409	431,980	20,570
3/4" Measuring Chamber Register with Radio Read Heads POOL E	09-60*	7/1/2011	614,262	644,975	30,713
3/4" Measuring Chamber Register with Radio Read Heads POOL F	09-60*	7/1/2012	642,851	674,993	32,143
1" Meter with Radio Head POOL A	09-60*	7/1/2007	4,654	4,887	233
1" Meter with Radio Head POOL B	09-60*	7/1/2008	10,859	11,402	543
1" Meter with Radio Head POOL C	09-60*	7/1/2009	50,725	53,262	2,536
1" Meter with Radio Head POOL D	09-60*	7/1/2010	32,665	34,298	1,633
1" Meter with Radio Head POOL E	09-60*	7/1/2011	50,554	53,081	2,528
1" Meter with Radio Head POOL F	09-60*	7/1/2012	49,628	52,109	2,481
1-1/2" Meter With Radio Head POOL B	09-60*	7/1/2008	6,009	6,309	300
1-1/2" Meter With Radio Head POOL C	09-60*	7/1/2009	41,425	43,496	2,071
1-1/2" Meter With Radio Head POOL D	09-60*	7/1/2010	9,119	9,575	456
1-1/2" Meter With Radio Head POOL E	09-60*	7/1/2011	3,263	3,427	163
1-1/2" Meter With Radio Head POOL F	09-60*	7/1/2012	1,953	2,051	98
2" Meter With Radio Head POOL A	09-60*	7/1/2007	7,219	7,580	361
2" Meter With Radio Head POOL B	09-60*	7/1/2008	144,377	151,595	7,219
2" Meter With Radio Head POOL C	09-60*	7/1/2009	98,891	103,836	4,945
2" Meter With Radio Head POOL D	09-60*	7/1/2010	35,234	36,995	1,762
2" Meter With Radio Head POOL E	09-60*	7/1/2011	27,107	28,462	1,355
2" Meter With Radio Head POOL F	09-60*	7/1/2012	15,554	16,331	778
3" Meter with Radio Head POOL B	09-60*	7/1/2008	8,031	8,433	402
3" Meter with Radio Head POOL C	09-60*	7/1/2009	24,993	26,242	1,250
3" Meter with Radio Head POOL D	09-60*	7/1/2010	36,637	38,469	1,832

City of Foster City					
Equipment Replacement Fund (Water Fund)					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
3" Meter with Radio Head POOL E	09-60*	7/1/2011	36,637	38,469	1,832
3" Meter with Radio Head POOL F	09-60*	7/1/2012	80,649	84,681	4,032
4" Meter with Radio Head POOL A	09-60*	7/1/2007	7,021	7,372	351
4" Meter with Radio Head POOL B	09-60*	7/1/2008	24,710	25,946	1,236
4" Meter with Radio Head POOL C	09-60*	7/1/2009	47,992	50,391	2,400
4" Meter with Radio Head POOL D	09-60*	7/1/2010	23,700	24,885	1,185
4" Meter with Radio Head POOL E	09-60*	7/1/2011	28,439	29,861	1,422
6" Meter With Radio Head POOL B	09-60*	7/1/2008	2,660	2,793	133
6" Meter With Radio Head POOL C	09-60*	7/1/2009	19,930	20,926	996
6" Meter With Radio Head POOL D	09-60*	7/1/2010	30,837	32,379	1,542
6" Meter With Radio Head POOL E	09-60*	7/1/2011	32,155	33,762	1,608
6" Meter With Radio Head POOL F	09-60*	7/1/2012	24,067	25,270	1,203
8" Meter With Radio Head POOL A	09-60*	7/1/2007	3,953	4,151	198
8" Meter With Radio Head POOL C	09-60*	7/1/2009	11,296	11,860	565
8" Meter With Radio Head POOL D	09-60*	7/1/2010	13,950	14,648	698
8" Meter With Radio Head POOL E	09-60*	7/1/2011	4,651	4,883	233
<b>Total</b>			<b>3,990,305</b>	<b>4,236,470</b>	<b>246,165</b>
*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, 2018**

<b>Department</b>	<b>Item Description</b>	<b>Replacement Cost</b>
09-70*	Corporation Yard Gym Equipment	1,500
<b>TOTAL Tools and Equipment up to \$5,000</b>		<b><u>\$ 1,500</u></b>

<b>Department</b>	<b>Item Description</b>	<b>Replacement Cost</b>
09-70*	LS 43 Transfer Switch	15,000
09-70*	Pumps (excl 215 HP and 6x8) Pool B	75,245
09-70*	DBI Sala Lift - LS #59 & Retractable Life Line	14,000
09-70*	CCTV Van Video/Electronic Equipment	162,000
09-70*	Sewer Plug Set	5,250
09-70*	Tank Gauge and Lead Detect Monitor LS 29	22,000
09-70*	Gas Detectors (4 units + calibration system)	20,000
<b>TOTAL Capital Outlay - Machinery and Equipment Over \$5,000</b>		<b><u>313,495</u></b>

<b>TOTAL (ALL ITEMS)</b>	<b><u>\$ 314,995</u></b>
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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 2017-2018				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
Items Added				
None				
Total			-	
Items Deleted				
None				
Total			\$ -	

City of Foster City					
Equipment Replacement Fund (Wastewater Fund)					
Changes to Estimated Useful Lives					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
LS01 - 80KW Generator	09-70*	7/1/2016	26	25	(1)
LS18 - 25KW Generator	09-70*	7/1/2016	26	25	(1)
LS28 - 50KW Generator	09-70*	7/1/2016	44	20	(24)
2-Pumps 215HP (incl motor) - LS #59	09-70*	7/1/2013	20	24	4
3-Pump35HP (incl motor) - LS #59	09-70*	7/1/2013	14	18	4
Air Scrubber/Blower - LS #22	09-70*	7/1/1999	18	19	1
Tri Pod - Winch	09-70*	7/1/2008	9	10	1
Bobcat Skid Loader/CY	09-70*	7/1/2004	15	18	3

City of Foster City					
Equipment Replacement Fund (Wastewater Fund)					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
Pumps (excl 215HP and 6x8) Pool A	09-70*	7/1/2007	73,770	75,245	1,475
Pumps (excl 215HP and 6x8) Pool C	09-70*	7/1/2008	76,750	78,285	1,535
Pumps (excl 215HP and 6x8) Pool D	09-70*	7/1/2009	78,285	79,851	1,566
Pumps (excl 215HP and 6x8) Pool E	09-70*	7/1/2010	79,851	81,448	1,597
Pumps (excl 215HP and 6x8) Pool F	09-70*	7/1/2001	81,448	83,077	1,629
Pumps (excl 215HP and 6x8) Pool G	09-70*	7/1/2012	83,077	84,739	1,662
Pumps (excl 215HP and 6x8) Pool H	09-70*	7/1/2013	84,739	86,433	1,695
Pumps (excl 215HP and 6x8) Pool I	09-70*	7/1/2014	86,433	88,162	1,729
Pumps (excl 215HP and 6x8) Pool J	09-70*	7/1/2015	88,162	89,925	1,763
Dry Deck Pumps (LS 22)	09-70*	7/1/2011	48,000	80,000	32,000
DBI SALA LIFT-LS #59 & RETRACABLE LIFE LINE	09-70*	37,438	6,000	14,000	8,000
CCTV VAN VIDEO / ELECTRONIC EQUIPMENT	09-70*	39,630	130,000	162,000	32,000
AIR SCRUBBER/BLOWER - LS #22	09-70*	36,342	4,000	6,000	2,000
TRI POD-WINCH	09-70*	39,630	7,000	8,000	1,000
Bobcat Skid Loader/ CY	09-70*	38,169	5,000	6,000	1,000
<b>Total</b>			<b>932,516</b>	<b>1,023,166</b>	<b>90,650</b>



DATE: March 27, 2017

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Ann Ritzma, Human Resources Director

SUBJECT: FY 2017-2018 SELF-INSURANCE FUND BUDGET

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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 City Council direction for staff to prepare the FY 2017-2018 budget with the following department assessments.

Attached is the analysis of internal service charges and the preliminary proposed budget for FY 2017-2018 for the Self-Insurance Fund. The analysis shows the audited ending fund balance from FY 2015-2016 (June 30, 2016) as \$1,004,140. With revenues and expenditures projected through June 30, 2017, the estimated fund balance beginning FY 2017-2018 will be \$1,197,587 which is above the \$1 million reserve target due to lower general liability premiums after the budget was adopted.

#### Expenditures

Expenditures in this fund represent the ABAG PLAN (Pooled Liability Assurance Network) 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 2017-2018, the amount budgeted for premiums continues to be projected as an increase of 15% above the projected which reflects changes in the insurance market and accounts for possible increases for Foster City's share in administrative overhead of the ABAG PLAN. ABAG, which provides administrative support, is currently merging with MTC and the new organization is assessing whether the ABAG PLAN program will remain with MTC. The restructure of the ABAG PLAN may 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 2017, so the figures may be adjusted, if needed, in the final FY 2017-2018 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% over projected), as well as costs associated with ABAG's administrative overhead and the impact of MTC/ABAG merger/restructure.

Based upon projected reserves at the end of FY 2016-2017, which are projected above the \$1 million reserve, and the projected expenditures for FY 2017-2018, Self-Insurance internal services charges in the following budgets will reflect the assessments as shown in Table 1: Self Insurance Charges.

<b>Budget</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>	<b>Increase (Decrease)</b>
General Fund - City Manager's Department	\$266,500	\$145,900	(\$120,600)
Vehicle Replacement Fund	\$81,400	\$44,500	(\$36,900)
Water Fund	\$125,800	\$68,900	(\$56,900)
Wastewater Fund	\$125,800	\$68,900	(\$56,900)
	<b>\$599,500</b>	<b>\$328,200</b>	<b>(\$271,300)</b>

#### Attachments:

- Attachment 1 - FY 2017-2018 Self Insurance Fund Internal Service Charges Analysis
- Attachment 2 - FY 2017-2018 Self Insurance Fund Budget Narrative
- Attachment 3 - Draft FY 2017-2018 Operating Budget – Self Insurance Fund
- Attachment 4 - Summary for Self Insurance Fund Budget

FY 2017-2018 SELF INSURANCE FUND INTERNAL SERVICE CHARGES ANALYSIS							
Fund Balance 6/30/16 (Actual)							\$ 1,004,140
From FY 2015-2016 CAFR							
				Original Budget	Revised Budget	Projected 6/30/2017	
Revenues FY 2016-2017				\$ 609,500	\$ 609,500	\$ 609,500	\$ 609,500
Department Assessments				599,500	599,500	599,500	
City GF				\$ 266,500			
Vehicle				\$ 81,400			
Water				\$ 125,800			
Wastewater				\$ 125,800			
Interest Earnings				\$ 10,000	\$ 10,000	\$ 10,000	
Expenditures FY 2016-2017				\$ 435,349	\$ 435,349	\$ 416,053	\$ (416,053)
SIR - New Claims				\$ 10,000	\$ 10,000	\$ 10,000	
SIR - Existing Claims				\$ 90,000	\$ 90,000	\$ 90,000	
Liability Premium				\$ 269,296	\$ 269,296	\$ 250,000	
All Risk & Bond				\$ 65,323	\$ 65,323	\$ 65,323	
Supplies and Services				\$ 730	\$ 730	\$ 730	
Fund Balance 6/30/17 (Projected)							\$ 1,197,587
				Proposed Budget		Projected 6/30/2017	
Revenues FY 2017-2018				\$ 338,200		\$ 338,200	\$ 338,200
Department Assessments				\$ 328,200		\$ 328,200	
City GF				\$ 145,900			
Vehicle				\$ 44,500			
Water				\$ 68,900			
Wastewater				\$ 68,900			
Interest Earnings				\$ 10,000		\$ 10,000	
Expenditures FY 2017-2018				\$ 535,743		\$ 535,743	\$ (535,743)
SIR - New Claims				\$ 60,000		\$ 60,000	
SIR - Existing Claims				\$ 80,000		\$ 80,000	
Liability Premium*				\$ 319,690		\$ 319,690	
All Risk & Bond*				\$ 75,323		\$ 75,323	
Supplies and Services				\$ 730		\$ 730	
Fund Balance 6/30/18 (Projected)							\$ 1,000,044
				Target Fund Balance			\$ (1,000,000)
						Difference	\$ 44
*Estimates, only. ABAG PLAN premium information for FY 2017-2018 is not available until June 2018							

# 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

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SELF INSURANCE FUND

HUMAN RESOURCES - 20 Insurance and Risk Management  
Account: 503-1220-415

Division Notes  
(2)

Add Division  
Note

## Revenue Add Revenue

	Approved 2016-2017	Requested 2017-2018
<b>Revenue Total</b>		<b>\$0.00</b>

## Expenditures

Add Exception Request **Capital Outlay** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Capital Outlay Total</b>	<b>\$0.00</b>	<b>\$0.00</b>

Add Exception Request **Employee Services** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Employee Services Total</b>	<b>\$0.00</b>	<b>\$0.00</b>

Add Exception Request **Internal Services** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Internal Services Total</b>	<b>\$0.00</b>	<b>\$0.00</b>

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2016-2017	Requested 2017-2018
503-1220-415-4241	COPIES Add Item Note	\$100.00	\$100.00
	Subtotal	<b>\$100.00</b>	<b>\$100.00</b>
503-1220-415-4242	POSTAGE Add Item Note	\$100.00	\$100.00
	Subtotal	<b>\$100.00</b>	<b>\$100.00</b>
503-1220-415-4251	CLAIM SETTLEMENTS, DEFENSE COSTS, OTHER EXPENSES Edit Item Note	\$120,000.00	\$140,000.00
	Subtotal	<b>\$120,000.00</b>	<b>\$140,000.00</b>
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	<b>\$530.00</b>	<b>\$530.00</b>
503-1220-415-			



4262	ABAG PLAN PREMIUM	<a href="#">Edit Item Note</a>	\$384,812.00	\$395,013.00
		Subtotal	\$384,812.00	\$395,013.00
		<b>Services &amp; Supplies Total</b>	<b>\$505,542.00</b>	<b>\$535,743.00</b>
		<b>20 Insurance and Risk Management Total - Before Reallocation</b>	<b>\$505,542.00</b>	<b>\$535,743.00</b>

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Add Exception Request **Reallocation** Add Line Item

	Approved 2016-2017	Requested 2017-2018
<b>Reallocation Total</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>20 Insurance and Risk Management Total</b>	<b>\$505,542.00</b>	<b>\$535,743.00</b>

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# SUMMARY FOR SELF-INSURANCE FUND BUDGET

Budget	Projected FY 2016-17	FY 2017-18	Increase (Decrease)	Notes
<b>Revenue</b>				
General Fund - City Manager's Dept	\$266,500	\$145,900	(\$120,600)	
Vehicle Replacement Fund	\$81,400	\$44,500	(\$36,900)	
Water Fund	\$125,800	\$68,900	(\$56,900)	
Wastewater Fund	\$125,800	\$68,900	(\$56,900)	
Interest	\$10,000	\$10,000	\$0	
	<b>\$599,500</b>	<b>\$328,200</b>	<b>(\$271,300)</b>	<b>1</b>
<b>Expenditures</b>				
SIR New Claims	\$10,000	\$60,000	\$50,000	<b>2</b>
SIR Existing Claims	\$90,000	\$80,000	(\$10,000)	
Liability Premium	\$250,000	\$319,690	\$69,690	<b>3</b>
All Risk and Bond	\$65,323	\$75,323	\$10,000	<b>3</b>
Supplies and Services	\$730	\$730	\$0	
	<b>\$416,053</b>	<b>\$535,743</b>	<b>\$119,690</b>	

Fund Balance	Actual 6/30/2016	Projected 6/30/2017	Projected 6/30/18		
	\$1,004,140	\$1,197,587	\$1,000,044		

## Note 1:

The decrease of \$271,300 for the Self-Insurance Fund reflects the additional revenue from FY 2016-17 that brought the fund balance \$107,587 above the \$1 million target. There were additional funds when the actual insurance premiums for FY 2016-2017 (General Liability, Bond and Risk) were lower than estimated.

## Note 2:

Average claims administration costs utilizing a third party claims administrator and the City's claims experience are anticipated to increase.

## Note 3:

The actual FY 2016-2017 premiums for all insurance were lower than the initial ABAG estimate. ABAG has now recommended budgeting 15% above the FY 2016-2017 premium for FY 2017-2018 as the insurance market remains unpredictable.



DATE: March 27, 2017

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 2017-2018 INFORMATION TECHNOLOGY INTERNAL SERVICE  
FUND BUDGET

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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 Equipment Replacement Fund listing for FY 2017-2018.

Total Information Technology (IT) internal service charges for FY 2017-2018 will be \$ 1,739,346 -- which is \$7,328 (or ~ 0.4%) lower than internal service charges for FY 2016-2017 of \$1,746,674. The overall decrease is related primarily to the completion of a few large capital projects, namely the Permitting Software System Replacement and GIS System Replacement.

On an annual basis, the Information Technology Division reviews with each department their 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 it is in good working condition, the asset accrual is frozen and no replacement charges are accrued.

The following table summarizes the items that had the highest impact in the changes to the IT fund:

Description	Impact
<b>New Projects</b>  Police Car Mobile Data Computer Replacements: These computers are fixed mounted in the Police cars, and allow for electronic dispatching and field data lookups. The current units were installed in 2012.	\$100,000
Copier Replacements: 5 copiers are due for replacement in FY 2017-2018. These copiers were purchased in 2012.	\$54,000
Desktop Replacements: 61 Desktop PCs are due for replacement in FY 2017-2018. The current PCs were purchased in 2013.	\$50,800
<b>Cost Allocation Model</b>  The FY 2017-2018 budget uses the full Cost Allocation Model, and IT now has allocated costs to other internal service departments (Finance, HR, Clerk) that were not listed in previous budgets.	\$115,000
<b>Personnel</b>  Increases in 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 assistance in modifying the custom-built budget application.	\$58,000

Attachments:

- Attachment 1 - Draft FY 2017-2018 Operating Budget – Information Technology Fund
- Attachment 2 - Department Internal Services Charges Allocation Summary
- Attachment 3 - Information Technologies Fund Comparison
- Attachment 4 - Internal Service Fund Charges - Information Technologies Fund
- Attachment 5 - Schedule of Items to be Replaced
- Attachment 6 - Items Added To or Deleted From the Equipment Replacement List
- Attachment 7 - Changes to Estimated Useful Lives
- Attachment 8 - Changes to Replacement Value
- Attachment 9 - Information Technology Fund Budget Narrative

# Detail Line Item Report

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COMMUNICATION &amp; INFO SVC

CITY/DISTRICT MANAGER - IT Account: 504-0160-419

Division Notes (100)

Add Division Note

## Revenue Add Revenue

	Approved 2016-2017	Requested 2017-2018
<b>Revenue Total</b>		<b>\$0.00</b>

## Expenditures

Add Exception Request **Capital Outlay** Add Line Item

	Approved 2016-2017	Requested 2017-2018
504-0160-419-4388 Carryover - Document Management Software Add Item Note	\$50,000.00	\$0.00
504-0160-419-4388 Carryover - GIS Software Add Item Note	\$40,000.00	\$0.00
504-0160-419-4388 Carryover - Permitting/Inspection Software Add Item Note	\$200,000.00	\$0.00
504-0160-419-4388 Copier Replacements Edit Item Note	\$0.00	\$54,000.00
504-0160-419-4388 Desktop PC Replacements Edit Item Note	\$7,000.00	\$50,800.00
504-0160-419-4388 Employee ID Card Printing System Add Item Note	\$0.00	\$6,000.00
504-0160-419-4388 EOC/Policy Room AV Equipment Add Item Note	\$15,000.00	\$0.00
504-0160-419-4388 IBM iSeries Server Replacement Add Item Note	\$41,000.00	\$0.00
504-0160-419-4388 Laptop Replacements Edit Item Note	\$3,000.00	\$5,000.00
504-0160-419-4388 Police Car Mobile Data Computer Replacements Add Item Note	\$0.00	\$100,000.00
504-0160-419-4388 Printer and Scanner Replacements Add Item Note	\$0.00	\$6,300.00
504-0160-419-4388 Public Works Plotter Replacement Add Item Note	\$0.00	\$6,000.00
504-0160-419-4388 Scada System Server Replacements Edit Item Note	\$7,950.00	\$0.00
504-0160-419-4388 Voice Recording System for 911 Edit Item Note	\$30,000.00	\$0.00
<b>Subtotal</b>	<b>\$393,950.00</b>	<b>\$228,100.00</b>
<b>Capital Outlay Total</b>	<b>\$393,950.00</b>	<b>\$228,100.00</b>

Add Exception Request **Employee Services** Add Line Item

	Approved 2016-2017	Requested 2017-2018
504-0160-419-4110 PERMANENT SALARIES Add Item Note	\$431,000.00	\$454,500.00
504-0160-419-4110 TEMPORARY PART-TIME INTERN Add Item Note	\$15,000.00	\$0.00
<b>Subtotal</b>	<b>\$446,000.00</b>	<b>\$454,500.00</b>
504-0160-419-4111 TEMPORARY PART TIME PROGRAMMER - ANNUITANT Add Item Note	\$0.00	\$15,000.00
<b>Subtotal</b>	<b>\$0.00</b>	<b>\$15,000.00</b>
504-0160-419-4120 FRINGE BENEFITS (F/T Salaries) Add Item Note	\$183,700.00	\$222,800.00
504-0160-419-4120 TEMPORARY PART-TIME INTERN FRINGE Add Item Note	\$4,500.00	\$0.00
<b>Subtotal</b>	<b>\$188,200.00</b>	<b>\$222,800.00</b>

<b>Employee Services Total</b>	<b>\$634,200.00</b>	<b>\$692,300.00</b>
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Add Exception Request **Internal Services** Add Line Item

		Approved 2016-2017	Requested 2017-2018
504-0160-419-4520	COMPENSATED ABSENCES Add Item Note	\$6,300.00	\$6,580.00
Subtotal		<b>\$6,300.00</b>	<b>\$6,580.00</b>
<b>Internal Services Total</b>		<b>\$6,300.00</b>	<b>\$6,580.00</b>

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2016-2017	Requested 2017-2018
504-0160-419-4240	CONTINGENCY / EMERGENCY EQUIPMENT REPLACEMENT Add Item Note	\$50,000.00	\$50,000.00
Subtotal		<b>\$50,000.00</b>	<b>\$50,000.00</b>
504-0160-419-4241	COPIES Add Item Note	\$750.00	\$750.00
Subtotal		<b>\$750.00</b>	<b>\$750.00</b>
504-0160-419-4242	POSTAGE FOR CORRESPONDENCE, PACKAGES, ETC. Add Item Note	\$300.00	\$300.00
Subtotal		<b>\$300.00</b>	<b>\$300.00</b>
504-0160-419-4243	OFFICE SUPPLIES Add Item Note	\$400.00	\$400.00
Subtotal		<b>\$400.00</b>	<b>\$400.00</b>
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	\$60,000.00	\$0.00
Subtotal		<b>\$67,000.00</b>	<b>\$7,000.00</b>
504-0160-419-4246	AGENDA/MINUTES/VIDEO STREAMING ANNUAL FEE Edit Item Note	\$8,500.00	\$11,000.00
504-0160-419-4246	BACKUP HARDWARE MAINT AND CLOUD REPLICATION Edit Item Note	\$22,000.00	\$22,000.00
504-0160-419-4246	BUSINESS CONTINUITY SERVICES Add Item Note	\$20,000.00	\$20,000.00
504-0160-419-4246	CITIZEN REQUEST MAINTENANCE APP (SeeClickFix) Add Item Note	\$7,000.00	\$7,000.00
504-0160-419-4246	DEPT SPECIALIZED SOFTWARE Edit Item Note	\$12,000.00	\$15,000.00
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	\$15,000.00	\$15,000.00
504-0160-419-4246	GIS SOFTWARE MAINTENANCE Edit Item Note	\$40,000.00	\$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	\$1,000.00	\$1,000.00

504-0160-419-4246	MICROSOFT SERVER, OFFICE AND CAL LICENSES - EA Note	Edit Item	\$54,000.00	\$55,000.00
504-0160-419-4246	OTHER MISC MAINTENANCE AS REQUIRED	Edit Item Note	\$56,000.00	\$59,000.00
504-0160-419-4246	POLICE DISPATCH BATTERY BACKUP MAINTENANCE	Add Item Note	\$2,500.00	\$2,500.00
504-0160-419-4246	POLICE SOFTWARE MAINTENANCE (CAD/RMS, OTHERS) Note	Edit Item	\$36,000.00	\$41,500.00
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	\$12,000.00
504-0160-419-4246	WEBSITE CONTENT MANAGEMENT SOFTWARE MAINT Note	Add Item	\$0.00	\$10,000.00
Subtotal			<b>\$383,000.00</b>	<b>\$414,000.00</b>
504-0160-419-4248	AT&T TELEPHONE SERVICES	Edit Item Note	\$37,000.00	\$37,000.00
504-0160-419-4248	CELL PHONE (VERIZON)	Edit Item Note	\$19,000.00	\$20,000.00
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	\$26,000.00	\$27,000.00
Subtotal			<b>\$88,000.00</b>	<b>\$90,000.00</b>
504-0160-419-4251	CARRYOVER CONSULTING - ERP SYSTEM RFP DEVELOPMENT Add Item Note		\$0.00	\$30,000.00
504-0160-419-4251	CONSULTING - RFP DEVELOPMENT OF ERP SYSTEM	Add Item Note	\$30,000.00	\$0.00
504-0160-419-4251	GIS INTEGRATION SERVICES	Add Item Note	\$30,000.00	\$30,000.00
Subtotal			<b>\$60,000.00</b>	<b>\$60,000.00</b>
504-0160-419-4253	IT - MEMBERSHIPS, DUES, SUBSCRIPTIONS	Add Item Note	\$700.00	\$700.00
Subtotal			<b>\$700.00</b>	<b>\$700.00</b>
504-0160-419-4254	IT STAFF CONFERENCES	Edit Item Note	\$1,500.00	\$1,500.00
504-0160-419-4254	SUNGARD USER CONFERENCE (4)	Edit Item Note	\$4,500.00	\$6,000.00
Subtotal			<b>\$6,000.00</b>	<b>\$7,500.00</b>
504-0160-419-4255	IT TECHNICAL TRAINING	Add Item Note	\$7,500.00	\$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	\$2,500.00	\$2,500.00
Subtotal			<b>\$12,500.00</b>	<b>\$12,500.00</b>
504-0160-419-4259	CITY-WIDE HARDWARE & SOFTWARE (UNDER \$1,000)	Edit Item Note	\$14,000.00	\$14,000.00
504-0160-419-			\$5,000.00	\$5,000.00

4259	IT - PC SOFTWARE & HARDWARE	Add Item Note		
504-0160-419-4259	MISC DEPARTMENT PRINTER/SCANNER REPLACEMENTS	Add Item Note	\$3,000.00	\$3,000.00
		Subtotal	\$22,000.00	\$22,000.00
		Services & Supplies Total	\$690,650.00	\$665,150.00
		IT Total - Before Reallocation	\$1,725,100.00	\$1,592,130.00

Add Exception Request **Reallocation** Add Line Item

			Approved 2016-2017	Requested 2017-2018
504-0160-419-4444	INDIRECT COST ALLOCATION	Add Item Note	\$0.00	\$114,396.00
		Subtotal	\$0.00	\$114,396.00
		Reallocation Total	\$0.00	\$114,396.00
		IT Total	\$1,725,100.00	\$1,706,526.00

Budget Home



**Information Technology Internal Services Fund**  
**Department Internal Services Charges Allocation Summary**  
**For fiscal year beginning July 1, 2017**

Department / Division	Personnel Allocation	Supplies & Services Allocation	Subtotal	Department Asset Replacement Charges	Citywide IT Replacement Charges % of Total	Amount	Subtotal	Reallocations to Funds	New Capital Outlay	Total Internal Service Charge Allocations
CC = City Clerk	30,318	16,673	46,992	4,950	3.00%	6,857	58,799.01	(19,110)	-	39,689
HR = Human Resource	22,739	22,837	45,576	2,192	2.25%	5,143	52,910.74	(17,196)	-	35,715
FS = Financial Services	80,849	76,721	157,570	5,890	8.00%	18,287	181,746.36	(59,068)	-	122,679
CD = Community Development	63,163	59,793	122,956	7,117	6.25%	14,286	144,359.30	(46,917)	-	97,443
CM = City Manager	50,530	13,219	63,749	2,883	5.00%	11,429	78,061.47	(25,370)	-	52,691
PD = Police Dept	222,334	304,652	526,985	44,616	22.00%	50,288	621,889.32	(202,114)	-	419,775
FD = Fire Dept	63,163	78,112	141,275	10,900	6.25%	14,286	166,461.29	(54,100)	-	112,361
PW = Public Works	60,636	62,053	122,690	8,106	6.00%	13,715	144,510.37	(46,966)	-	97,545
RE = Recreation & Parks	58,110	75,503	133,613	21,467	5.75%	13,143	168,222.89	(54,672)	-	113,550
CY = Corp Yard (PW Maintenance)	30,318	19,983	50,301	10,169	3.00%	6,857	67,327.03	(21,881)	-	45,446
<b>Total General Fund</b>	<b>682,160</b>	<b>729,546</b>	<b>1,411,706</b>	<b>118,289</b>	<b>67.50%</b>	<b>154,293</b>	<b>1,684,287.78</b>	<b>(547,394)</b>	<b>-</b>	<b>1,136,894</b>
CalOpps	5,775	-	5,775	-	0.00%	-	5,775	-	-	5,775
BAERS	10,945	-	10,945	-	0.00%	-	10,945	-	-	10,945
Permit Technology Fee Fund	-	-	-	30,750	0.00%	-	30,750	-	-	30,750
CDA	-	-	-	-	-	-	-	-	-	-
Water Enterprise Fund	-	-	-	1,598	15.00%	-	1,598	252,643	-	254,241
Sewer Enterprise Fund	-	-	-	5,991	15.00%	-	5,991	252,643	-	258,634
Vehicle Maintenance Fund	-	-	-	-	0.75%	-	-	12,632	-	12,632
Bldg Maintenance Fund	-	-	-	-	1.75%	-	-	29,475	-	29,475
	<b>698,880</b>	<b>729,546</b>	<b>1,428,426</b>	<b>156,627</b>	<b>100.00%</b>	<b>154,293</b>	<b>1,739,346</b>	<b>(0)</b>		<b>1,739,346</b>
										<b>1,739,346</b>
Personnel Allocation	698,880								FY 16-17	1,746,674
Supplies & Services Budget	729,546								Increase(Decrease)	(7,328)
Total Allocated Costs	1,428,426									
Contingency Funding	50,000									
Capital Outlay	228,100									
Total Operating Budget	1,706,526									

<-- This amount agrees to the line item detail in the budget (attached).

Information Technology Fund Comparison - Attachment #3

Account	Budget FY 2016-17	Budget FY 2017-18	Increase (Decrease)	Notes
4388 Capital Outlay	393,950	228,100	(165,850)	1
4110 Salaries	446,000	454,500	8,500	2
4111 Part-Time Salary	-	15,000	15,000	3
4120 Benefits	188,200	222,800	34,600	4
4520 Compensated Absences	6,300	6,580	280	5
4240 Contingency Replacement	50,000	50,000	-	6
4241 Copies	750	750	-	7
4242 Postage	300	300	-	8
4243 Office Supplies	400	400	-	9
4245 Tools and Equipment	67,000	7,000	(60,000)	10
4246 Maintenance	383,000	414,000	31,000	11
4248 Utilities and Communications	88,000	90,000	2,000	12
4251 Consulting and Contracting	60,000	60,000	-	13
4253 Memberships and Dues	700	700	-	14
4254 Travel, Conferences, and Meetings	6,000	7,500	1,500	15
4255 Training	12,500	12,500	-	16
4259 Misc Software and Hardware	22,000	22,000	-	17
4444 Indirect Cost Allocation	-	114,396	114,396	18
	<u>1,725,100</u>	<u>1,706,526</u>	<u>(18,574)</u>	

Detailed Analysis:

		Increase (Decrease) Rounded to nearest \$1,000
Note 1	<b>Capital Outlay</b> Decrease is related primarily to the completion of a few large capital projects, namely the Permitting Software System Replacement and GIS System Replacement	(166,000)
Note 2	<b>Salaries</b> No personal changes, contractual COLA 2% and adjustment due to salary steps	9,000
Note 3	<b>Part-Time Salary</b> One-time assistance from an annuitant in modifying the custom-built budget application.	15,000
Note 4	<b>Benefits</b> Contractual adjustment to benefits formulas (e.g. CalPERS, medical, etc)	35,000
Note 5	<b>Compensated Absences</b> Unchanged	-
Note 6	<b>Contingency Replacement</b> Unchanged	-
Note 7	<b>Copies</b> Unchanged	-
Note 8	<b>Postage</b> Unchanged	-

Note 9	<b>Office Supplies</b> Unchanged	-
Note 10	<b>Tools and Equipment</b> Website replacement project was budgeted in 2016-17, and was a one-time migration cost	(60,000)
Note 11	<b>Maintenance</b> Increase in Police Software Maintenance and AntiVirus renewal, and the new cost of the Website Management software maintenance	31,000
Note 12	<b>Utilities and Communications</b> Small change to reflect 2016-17 actual	2,000
Note 13	<b>Consulting and Contracting</b> Addition of Consulting for ERP RFP Development (30,000), removal of Business Continuity Consulting (25,000)	-
Note 14	<b>Memberships and Dues</b> Unchanged	-
Note 15	<b>Travel, Conferences, and Meetings</b> Added additional staff to travel to SunGard conference for new Permitting Software	2,000
Note 16	<b>Training</b> Unchanged	-
Note 17	<b>Misc Software and Hardware</b> Unchanged	-
Note 18	<b>Indirect Cost Allocation</b> The FY 2017-18 budget uses the full Cost Allocation Model that was not listed in previous budgets.	114,000
	Net Increase	(18,000)

INTERNAL SERVICE FUND CHARGES				
INFORMATION TECHNOLOGY FUND 504				
Department Charged (Receiving Goods/Services)	FY 16/17	FY 17/18	Variance	Notes
0110 CMO Admin	59,377	52,691	(6,686)	1
0210 City Clerk Admin	32,940	39,689	6,749	2
0510 Park & Rec Admin	114,479	113,550	(929)	3
0630 PD Admin	420,958	419,775	(1,183)	4
0710 Fire Admin	116,851	112,361	(4,490)	5
0810 Planning Admin	48,868	48,721	(147)	6
0820 Building	48,868	48,722	(146)	7
0910 PW Admin & Engineering	97,558	97,545	(13)	8
0920 PW Lagoons & Levees	23,615	22,723	(892)	9
0930 PW Streets	23,615	22,723	(892)	10
1110 Fin Admin	24,966	24,536	(430)	11
1120 Fin Genl Acctg	49,932	49,072	(860)	12
1130 Fin Utilities	37,449	36,804	(645)	13
1140 Tax & Licenses	12,483	12,268	(215)	14
1210 HR Admin	37,271	35,715	(1,556)	15
114 CALOPPS	5,775	5,775	0	16
127 BAERS	10,945	10,945	-	17
130 Technology Maintenance/Replacement	30,750	30,750	-	18
401 Water Enterprise	256,982	254,241	(2,741)	19
451 Wastewater Enterprise	261,375	258,634	(2,741)	20
501 Vehicle Replacement	12,769	12,632	(137)	21
505 Building Maint	29,795	29,475	(320)	22
Total All Funds	1,757,621	1,739,346	(18,275)	
Detailed Analysis				
Note 1	Lowered Personnel Allocation by 0.25% due to lower helpdesk volume			
Note 2	Raised Personnel Allocation by 0.75% due to higher helpdesk volume			
Note 3	Unchanged			
Note 4	Unchanged			
Note 5	Lowered Personnel Allocation by 0.75% due to lower helpdesk volume			
Note 6	Raised Personnel Allocation by 0.25% due to higher helpdesk volume			
Note 7	Raised Personnel Allocation by 0.25% due to higher helpdesk volume			
Note 8	Unchanged			
Note 9	Unchanged			
Note 10	Unchanged			
Note 11	Unchanged			
Note 12	Unchanged			
Note 13	Unchanged			
Note 14	Unchanged			
Note 15	Removed 2 desktops from Replacement Inventory			
Note 16	Unchanged			
Note 17	Unchanged			
Note 18	Unchanged			

**City of Foster City**  
**Information Technology Internal Services Fund**  
**Schedule of Items to be Replaced**  
**FY 2017-18**

<b>Item Description</b>	<b>Replacement Cost</b>
Copier Replacements	\$54,000.00
Desktop PC Replacements	\$50,800.00
Employee ID Card Printing System	\$6,000.00
Laptop Replacements	\$5,000.00
Police Car Mobile Data Computer Replacements	\$100,000.00
Printer and Scanner Replacements	\$6,300.00
Public Works Plotter Replacement	\$6,000.00
<b>Subtotal - New Replacements FY 17-18</b>	<b>\$ 228,100</b>
No Carryovers	\$0.00
<b>Subtotal - Carryovers from FY 16-17</b>	<b>\$ -</b>
<b>Total - Replacements</b>	<b>\$ 228,100</b>

IT ISF Revised Analysis  
Attachment # 6

City of Foster City				
Information Technology Internal Services Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2017-2018				
Description	Department	Date Purchased (Anticipated to be purchased)	Replacement Value	Comments (if any)
<b>Items Added</b>				
Desktop Computers (5)	Misc Departments	FY 16-17	4,200	City Manager added 1 desktop, Finance added 1 desktop, Parks added 1 desktop at the Corpyard, and PW Engineering added 2 desktops
Laptop Computers (2)	Misc Departments	FY 16-17	2,000	Finance added 1 laptop and PW added 1 laptop
<b>Items Deleted</b>				
Desktop Computers	HR	FY 16-17	1,600	HR dropped 2 PCs from the inventory, 1 was listed for BAERS and 1 was for part-time clerical assistant
Laptop	Council	FY 16-17	1,000	Council removed 1 Laptop from the list and reallocated the funds to iPads

IT Revised Analysis  
Attachment # 7

City of Foster City						
Information Technology Internal Services Fund						
Changes to Estimated Useful Lives						
For FY 2017-2018						
		Date				
Description	Department	Purchased (Anticipated to be purchased)	Original Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)	Comments (if any)
--NONE--						

IT ISF Revised Analysis  
Attachment # 8

City of Foster City					
Information Technology Internal Services Fund					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Original Replacement Value	Revised Replacement Value	Increase (Decrease)
iPads (previously Laptop)	Council	FY 16-17	1,000	4,000	3,000
		<b>TOTAL</b>	<b>1,000</b>	<b>4,000</b>	<b>3,000</b>



# 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 3<sup>rd</sup> 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 2017-2018 will be \$ 1,739,346 which is \$ 7,328 (or ~ 0.4%) lower than internal service charges for FY 2016-2017 of \$ 1,746,674.

- Cost Allocation Model: As part of the full Cost Allocation Model employed in this budget, IT now has \$114,386 in allocated costs to other internal service departments.
- 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 assistance in modifying the custom-built budget application.

Capital Outlay – Listed below are the items identified by Departments and Information Technology Division in need of acquisition or replacement.

- Copier Replacements
- Desktop PC Replacements
- Employee ID Card Printing System
- Laptop Replacements
- Police Car Mobile Data Computer Replacements
- Printer and Scanner Replacements
- Public Works Plotter Replacement

Carryovers – Listed below are items that are requested to carry over funds from FY 2016-2017.

- Carryover - Consulting - RFP Development for a Replacement Financial/Payroll Software System



DATE: March 27, 2017

TO: Mayor and Members of the City Council

VIA: Kevin M. Miller, City Manager

FROM: Jennifer Liu, Parks and Recreation Director  
Kurt Zander, Buildings and Vehicles Maintenance Manager

SUBJECT: BUILDING MAINTENANCE FUND BUDGET AND INTERNAL SERVICE CHARGES FOR FY 2017-2018

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The Building Maintenance Division manages seven City facilities totaling 175,867 square feet. The Building Maintenance Division staff includes the Director of Parks and Recreation (15% time), a 50% time Manager (shared with the Vehicle Maintenance Division) 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 electrical outlet failure or carpet stain removal
- Regular Repairs – such as lighting ballast replacement or restroom plumbing
- Supplies/Inventory – such as ordering and organizing regularly stocked supplies and materials
- Preventative Maintenance – such as maintaining industry standards, with respect to fire extinguisher and other inspections
- Special Projects – such as resurfacing floors, refurbishing building areas and upgrading and deploying the Lagoon Holiday Tree
- Administration – such as managing and overseeing division budget and equipment replacement funds

In FY 2016-2017, Building Maintenance completed the following projects:

- Replaced HVAC unit in Recreation Center Senior wing
- Performed phase one of Library water exclusion project
- Installed new doors at Corporation Yard Public Works chemical room
- Painted Recreation Center / Senior Wing exterior

The FY 2017-2018 Building Maintenance Fund budget reflects an increase of approximately \$515,500 (or 29%) over FY 2016-2017. The primary reasons for the significant increase were:

- Addition of \$314,669 in Indirect Costs based on the Cost Allocation Study
- Increase of \$153,000 in Capital Outlay related to scheduled equipment replacement and special projects, including painting projects at the Library/Community Center and Corporation Yard

The cost of Building Maintenance is distributed among the various departments and funds based on charge allocations that are determined by square footage and scheduled equipment replacements.

Attachments:

- Attachment 1 - Building Maintenance Fund Narrative
- Attachment 2 - Draft Building Maintenance Fund Operating Budget
- Attachment 3 - Building Maintenance Fund Comparison
- Attachment 4 - Internal Service Fund Charges Building Maintenance Fund
- Attachment 5 - Items to be Replaced
- Attachment 6 - Items Added To or Deleted, Changes to Estimated Useful Lives, Changes to Replacement Values

# Building Maintenance Fund

The Building Maintenance Fund captures the costs of City-wide Building Maintenance. The Building Maintenance Division provides management, maintenance and inspection of City/District buildings and equipment and develops ongoing maintenance systems and procedures. Staff provides efficient, timely and quality service to maintain the 175,867 square feet of diverse facilities and the hours of operation to meet community needs and industry standards.

Building Division staff includes the Director of Parks and Recreation (15%); Building/Vehicle Maintenance Manager (50%); 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 repair, preventative maintenance and special projects in a timely manner.

Building Maintenance Division duties include but are not limited to:

- Emergency Repairs – such as a gas leak or a water pipe break
- Regular Repairs and Work Requests – such as an electrical outlet failure, carpet stain removal, lighting ballast replacement or restroom plumbing
- Supplies/Inventory – ordering and organizing maintenance supplies and materials
- Preventative Maintenance –such as inspecting fire extinguishers
- Special Projects and Capital Improvement Projects – such as room upgrades or interior or exterior painting

Building Maintenance oversees contracts for janitorial services and for work that is beyond the scope of staff's professional training or workforce capacity.

In FY 2016-2017, Building Maintenance completed the following projects:

- Replaced HVAC unit in Recreation Center Senior wing
- Performed phase one of Library water intrusion project
- Installed new doors at Corporation Yard Public Works chemical room
- Painted Recreation Center / Senior Wing exterior



# Detail Line Item Report

Budget Home

BUILDING MAINTENANCE

**PARKS & RECREATION** - Building Maintenance  
0550-419

Account: 505-

**Division Notes**  
(6)

**Add Division**  
**Note**

## **Revenue** Add Revenue

	Approved 2016-2017	Requested 2017-2018
<b>Revenue Total</b>		<b>\$0.00</b>

## Expenditures

Add Exception Request **Capital Outlay** Add Line Item

		Approved 2016-2017	Requested 2017-2018
505-0550-419-4385	BUILDING CONTINGENCY Add Item Note	\$50,000.00	\$50,000.00
505-0550-419-4385	CITY HALL CONFERENCE ROOM CHAIRS Add Item Note	\$7,500.00	\$7,500.00
505-0550-419-4385	ITEMS TO BE REPLACED Add Item Note	\$0.00	\$153,000.00
	Subtotal	<b>\$57,500.00</b>	<b>\$210,500.00</b>
	<b>Capital Outlay Total</b>	<b>\$57,500.00</b>	<b>\$210,500.00</b>

Add Exception Request **Employee Services** Add Line Item

		Approved 2016-2017	Requested 2017-2018
505-0550-419-4110	PERMANENT SALARIES Add Item Note	\$350,800.00	\$366,200.00
	Subtotal	<b>\$350,800.00</b>	<b>\$366,200.00</b>
505-0550-419-4112	OVERTIME Add Item Note	\$5,000.00	\$5,000.00
	Subtotal	<b>\$5,000.00</b>	<b>\$5,000.00</b>
505-0550-419-4120	FRINGE BENEFITS Add Item Note	\$172,300.00	\$201,400.00
	Subtotal	<b>\$172,300.00</b>	<b>\$201,400.00</b>
	<b>Employee Services Total</b>	<b>\$528,100.00</b>	<b>\$572,600.00</b>

Add Exception Request **Internal Services** Add Line Item

		Approved 2016-2017	Requested 2017-2018
505-0550-419-4520	COMPENSATED ABSENCES Add Item Note	\$5,178.00	\$5,410.00
	Subtotal	<b>\$5,178.00</b>	<b>\$5,410.00</b>
505-0550-419-4544	VEHICLE REPLACEMENT Add Item Note	\$46,003.00	\$35,003.00

		Subtotal	<b>\$46,003.00</b>	<b>\$35,003.00</b>
505-0550-419-4556	EQUIPMENT REPLACEMENT <small>Add Item Note</small>		\$27,584.00	\$46,127.00
		Subtotal	<b>\$27,584.00</b>	<b>\$46,127.00</b>
505-0550-419-4557	INFORMATION TECHNOLOGY SERVICES <small>Add Item Note</small>		\$29,795.00	\$29,475.00
		Subtotal	<b>\$29,795.00</b>	<b>\$29,475.00</b>
	<b>Internal Services Total</b>		<b>\$108,560.00</b>	<b>\$116,015.00</b>

Add Exception Request **Services and Supplies** Add Line Item

		Approved 2016-2017	Requested 2017-2018
505-0550-419-4243	DEPARTMENT SUPPLIES <small>Add Item Note</small>	\$5,840.00	\$5,840.00
	Subtotal	<b>\$5,840.00</b>	<b>\$5,840.00</b>
505-0550-419-4246	BLDG. MATERIAL - LUMBER, HARDWARE, PAINT, ETC. <small>Add Item Note</small>	\$30,000.00	\$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>	\$12,500.00	\$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	\$0.00
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	\$27,500.00
505-0550-419-4246	JANITORIAL SUPPLIES <small>Add Item Note</small>	\$40,000.00	\$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>	\$20,130.00	\$20,200.00
505-0550-419-4246	SUSTAINABILITY PROJECTS <small>Add Item Note</small>	\$10,000.00	\$10,000.00
505-0550-419-4246	VANDALISM REPAIRS <small>Add Item Note</small>	\$1,000.00	\$1,000.00
	Subtotal	<b>\$249,455.00</b>	<b>\$244,900.00</b>

505-0550-419-4248	UTILITIES FOR ALL CITY FACILITIES/JOINT USE	Add Item Note	\$461,817.00	\$462,000.00
		Subtotal	<b>\$461,817.00</b>	<b>\$462,000.00</b>
505-0550-419-4251	CITYWIDE JANITORIAL SERVICES	Add Item Note	\$250,000.00	\$250,000.00
505-0550-419-4251	DISPOSAL OF HAZARDOUS MATERIALS	Add Item Note	\$4,600.00	\$4,600.00
505-0550-419-4251	ELEVATOR MAINTENANCE CONTRACT	Add Item Note	\$5,750.00	\$5,750.00
505-0550-419-4251	ELEVATOR SMOKE GUARD MAINTENANCE	Add Item Note	\$8,600.00	\$8,600.00
505-0550-419-4251	FIRE EXTINGUISHER MAINTENANCE	Add Item Note	\$4,025.00	\$4,100.00
505-0550-419-4251	FIRE PROTECTION SYSTEM	Add Item Note	\$12,650.00	\$12,700.00
505-0550-419-4251	GOVERNMENT CENTER MAINTENANCE AND BUILDING REPAIRS	Add Item Note	\$34,517.00	\$34,600.00
505-0550-419-4251	SOLAR MAINTENANCE	Add Item Note	\$20,000.00	\$20,000.00
505-0550-419-4251	TEST/REPAIR/REPLACE BUILDING BACKFLOW SYSTEMS	Add Item Note	\$15,000.00	\$15,000.00
		Subtotal	<b>\$355,142.00</b>	<b>\$355,350.00</b>
505-0550-419-4254	MAINTENANCE MANAGEMENT SEMINAR	Add Item Note	\$2,000.00	\$2,000.00
		Subtotal	<b>\$2,000.00</b>	<b>\$2,000.00</b>
505-0550-419-4255	HVAC INSPECTION	Add Item Note	\$750.00	\$750.00
		Subtotal	<b>\$750.00</b>	<b>\$750.00</b>
		<b>Services &amp; Supplies Total</b>	<b>\$1,075,004.00</b>	<b>\$1,070,840.00</b>
		<b>Building Maintenance Total - Before Reallocation</b>	<b>\$1,769,164.00</b>	<b>\$1,969,955.00</b>

Add Exception Request **Reallocation** Add Line Item

			Approved 2016-2017	Requested 2017-2018
505-0550-419-4463	INDIRECT COST ALLOCATION	Add Item Note	\$0.00	\$314,669.00
		Subtotal	<b>\$0.00</b>	<b>\$314,669.00</b>
		<b>Reallocation Total</b>	<b>\$0.00</b>	<b>\$314,669.00</b>
		<b>Building Maintenance Total</b>	<b>\$1,769,164.00</b>	<b>\$2,284,624.00</b>

Budget Home



Building Maintenance Fund Comparison - 505

		FY 16/17	FY 17/18	Variance	Notes
4385	Capital Outlay	57,500	210,500	153,000	1
4110	Salaries	350,800	366,500	15,700	2
4112	Overtime	5,000	5,000	-	3
4120	Benefits	172,300	200,500	28,200	4
4520	Compensated Absences	5,178	5,410	232	5
4544	Vehicle Replacement	46,003	29,304	(16,699)	6
4556	Equipment Replacement	27,584	46,127	18,543	7
4557	IT Services	29,795	27,553	(2,242)	8
4243	Department Supplies	5,840	5,840	-	9
4246	Maintenance	249,455	244,900	(4,555)	10
4248	Citywide Utilities and JUA Utilities	461,817	462,000	183	11
4251	Contractual Services	355,142	355,350	208	12
4254	Travel, Conferences, and Meetings	2,000	2,000	-	13
4255	Training	750	750	-	14
		<u>1,769,164</u>	<u>1,961,734</u>	<u>192,570</u>	

Detailed Analysis

- Note 1 Increase in items funded and due for replacement FY 2017-18
- Note 2 Reflects step increases; no assumption as to contractual increases
- Note 3 No significant change
- Note 4 Reflects step increases/ benefits percentage changes; no assumption on contractual increases
- Note 5 Reflects step increases / changes to percentages; no assumption as to contractual increases
- Note 6 Details on charges in VRF budget
- Note 7 Addition of water heaters at Comm Ctr, Library and PW, removal of multiple items from list
- Note 8 Details on charges in IT budget
- Note 9 No significant change
- Note 10 Removed fountain maintenance due to decommissioning of fountains during drought
- Note 11 No significant change
- Note 12 No significant change
- Note 13 No significant change
- Note 14 No significant change

INTERNAL SERVICE FUND CHARGES  
BUILDING MAINTENANCE FUND 505

Department Charged (Receiving Goods/Services)	FY 16/17	FY 17/18	Variance	Notes
0110 CMO/CA	48,714	51,061	2,347	1
0210 City Clerk Admin	33,591	35,209	1,618	2
0230 City Clerk Communications	8,147	8,540	393	3
0510 Park & Rec Admin	579,498	684,681	105,183	4
0520 Parks Maint	118,870	147,528	28,658	5
0630 PD Admin	165,239	193,714	28,475	6
0710 Fire Admin	10,585	11,095	510	7
0730 Fire Training/Ops	303,185	317,791	14,606	8
0810 Planning Admin	27,918	29,263	1,345	9
0820 Building	27,918	29,263	1,345	10
0910 PW Admin & Engineering	38,141	39,979	1,838	11
0920 PW Lagoons & Levees	35,760	44,381	8,621	12
0930 PW Streets	35,760	44,381	8,621	13
1010 City Council	80,422	84,297	3,875	14
1110 Finance Admin	8,847	9,274	427	15
1120 Finance General Acctg	17,695	18,547	852	16
1130 Finance Utility	13,271	13,910	639	17
1140 Finance Tax Admin	4,424	4,637	213	18
1210 Human Resources	29,801	31,236	1,435	19
1310 Library	332,721	315,531	(17,190)	20
401 Water Enterprise	71,509	88,749	17,240	21
451 Wastewater Enterprise	71,509	88,749	17,240	22
Total All Funds	2,063,525	2,291,816	228,291	

Detailed Analysis

Note 1 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 2 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 3 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 4 Added indirect costs (29.2% of citywide buiding sq ft) from Cost Plan  
Note 5 Added indirect costs from Cost Plan; Extended CY carpet life  
Note 6 Added indirect costs from Cost Plan  
Note 7 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 8 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 9 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 10 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 11 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 12 Added indirect costs from Cost Plan; Extended CY carpet life  
Note 13 Added indirect costs from Cost Plan; Extended CY carpet life  
Note 14 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 15 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 16 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 17 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 18 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 19 Added indirect costs from Cost Plan; Extended Government Center HVAC life  
Note 20 Added indirect costs from Cost Plan; Extended Library Paint life  
Note 21 Added indirect costs from Cost Plan; Extended CY carpet life  
Note 22 Added indirect costs from Cost Plan; Extended CY carpet life

**City of Foster City**  
**Building Maintenance Division**  
**Internal Service Charges Allocations to Facilities and Departments**  
**For the Year Ended June 30, 2018**

<b>Total Operating Costs</b>		<b>\$ 2,284,624</b>	<-- This amount agrees to the line item detail in the budget (attached			
<b>less Contingency</b>		<b>\$ (50,000)</b>				
<b>add Contingency used from 16-17</b>		<b>\$ 50,000</b>				
<b>less Capital Outlay</b>		<b>\$ (210,500)</b>				
<b>Net Operating Costs to Allocate</b>		<b>\$ 2,074,124</b>				
	<b>Facility</b>	<b>SQ FT</b>	<b>% Of total sq. ft.</b>	<b>Net Operating Costs to Allocate</b>	<b>Bldg Replacement cost</b>	<b>Annual Cost</b>
A	City Hall (see breakdown below)	23,589	13.4%	\$278,202	\$20,233	\$298,435
B	Recreation Division Recreation Center 26,500 sq ft Senior Wing 5,286 sq ft Teen Center 9,565 sq ft Community Center 9,942 sq ft	51,293	29.2%	\$604,935	\$79,746	\$684,681
C	Corporation Yard (see breakdown below)	32,390	18.4%	\$381,998	\$31,791	\$413,789
D	Police	13,903	7.9%	\$163,968	\$29,746	\$193,714
E	Fire	25,119	14.3%	\$296,246	\$21,545	\$317,791
F	Library	24,208	13.8%	\$285,502	\$30,029	\$315,531
G	Council Chambers (see breakdown below)	5,365	3.1%	\$63,273	\$4,602	\$67,875
	<b>TOTALS</b>	<b>175,867</b>	<b>100%</b>	<b>\$ 2,074,124</b>	<b>\$217,692</b>	<b>\$2,291,816</b>

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**

	<b>Entity</b>	<b>SQ FT</b>	<b>Pct</b>	<b>SQ FT cost</b>	<b>Bldm rplc</b>	<b>Annual</b>
1	Finance	3,665	15.5%	\$43,224	\$3,144	\$46,368
	Administration		20.0%	\$8,645	\$629	\$9,274
	General Accounting		40.0%	\$17,290	\$1,257	\$18,547
	Utility		30.0%	\$12,967	\$943	\$13,910
	Tax Administration		10.0%	\$4,322	\$314	\$4,637
2	CDD	4,626	19.6%	\$54,558	\$3,968	\$58,526
	Planning Administration		50.0%	\$27,279	\$1,984	\$29,263
	Building		50.0%	\$27,279	\$1,984	\$29,263
3	Human Resources	2,469	10.5%	\$29,119	\$2,118	\$31,236
4	City Clerk	2,783	11.8%	\$32,822	\$2,387	\$35,209
5	City Mgr/City Atty	4,036	17.1%	\$47,599	\$3,462	\$51,061
6	City Council	1,973	8.4%	\$23,269	\$1,692	\$24,961
7	PW Engineering	3,160	13.4%	\$37,268	\$2,710	\$39,979
8	Fire Administration	877	3.7%	\$10,343	\$752	\$11,095
	<b>TOTAL City Hall</b>	<b>23,589</b>	<b>100.0%</b>	<b>\$278,202</b>	<b>\$20,233</b>	<b>\$ 298,435</b>

**CORPORATION YARD – breakdown by department**

	<b>Entity</b>	<b>SQ FT</b>	<b>Pct</b>	<b>SQ FT cost</b>	<b>Bldm rplc</b>	<b>Annual</b>
1	Parks Maintenance	11,548	35.7%	\$136,194	\$11,334	\$147,528
2	Public Works -- Water	6,947	21.4%	\$81,931	\$6,819	\$88,749
3	Public Works -- Sewer	6,947	21.4%	\$81,931	\$6,819	\$88,749
4	Public Works - GF	6,948	21.5%	\$81,943	\$6,819	\$88,762
	Lagoons		50.0%	\$40,971	\$3,410	\$44,381
	Streets		50.0%	\$40,971	\$3,410	\$44,381
	<b>TOTAL Corporation Yard</b>	<b>32,390</b>	<b>100.0%</b>	<b>\$381,998</b>	<b>\$31,791</b>	<b>\$413,789</b>

**COUNCIL CHAMBERS – breakdown by department**

	<b>Entity</b>	<b>SQ FT</b>	<b>Pct</b>	<b>SQ FT cost</b>	<b>Bldm rplc</b>	<b>Annual</b>
1	Communications/Clerk - FCTV	675	12.6%	\$7,961	\$579	\$8,540
2	City Council	4,690	87.4%	\$55,312	\$4,023	\$59,335
	<b>TOTAL Council Chambers</b>	<b>5,365</b>	<b>100.0%</b>	<b>\$63,273</b>	<b>\$4,602</b>	<b>\$67,875</b>

**City of Foster City  
Building Maintenance Fund  
Items to be Replaced  
For the Year Ended June 30, 2018**

<b>Category</b>	<b>Facility / Description</b>	<b>Replacement Amount</b>
Equipment	ELECTRIC HEAT PUMP	6,500
Equipment	COMMERCIAL REFRIGERATOR	2,500
Equipment	HOT WATER HEATER - LIBRARY	9,500
Paint	Library / Community Center	85,000
Paint	Corporation Yard -- Exterior	49,500
	<b>TOTAL</b>	<b>153,000</b>

City of Foster City				
Building Maintenance Fund Fund				
Items Added To or Deleted From the Equipment Replacement List				
For FY 2017-2018				
Description	Department	Date Purchased	Replacement Value	Comments (if any)
<b>Items Added</b>				
WATER HEATER - COMM CTR	05-50	7/1/1999	9500	
WATER HEATER - LIBRARY	05-50	7/1/1999	9500	
WATER HEATER - POLICE	05-50	7/1/2000	9500	
WATER HEATER - PW	05-50	7/1/1996	9500	
<b>Total Added</b>			\$ 38,000	
<b>Items Deleted</b>				
10" Radial Saw	05-50	7/1/1999	\$ 2,000	
10" Table Saw	05-50	7/1/2013	\$ 1,400	
Airless Sprayer	05-50	7/1/2009	\$ 2,500	
Carpet-Extractor	05-50	7/1/2014	\$ 2,000	
Drain Snake - Drill	05-50	7/1/2004	\$ 2,500	
Floor Scrub Machine	05-50	7/1/2008	\$ 1,000	
Key Machine	05-50	7/1/2009	\$ 2,300	
Mobil Radio	05-50	7/1/2005	\$ 1,000	
Rug Doctor Carpet Cleaner	05-50	7/1/2014	\$ 1,000	
Table Saw	05-50	7/1/2013	\$ 1,400	
<b>Total Deleted</b>			\$ 17,100	
<b>TOTAL (impact to list)</b>			\$ 20,900	

City of Foster City					
Building Maintenance Replacement Fund					
Changes to Estimated Useful Lives					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Useful Life (Years)	Revised Useful Life (Years)	Increase (Decrease)
Paint - Police Station	05-50	7/1/2012	10	11	1
Carpet - Corporation Yard	05-50	7/1/1986	31	32	1
HVAC - Government Center	05-50	7/1/2002	16	20	4

City of Foster City					
Building Maintenance Replacement Fund					
Changes to Replacement Values					
For FY 2017-2018					
Description	Department	Date Purchased (Anticipated to be purchased)	Previous Replacement Value	Revised Replacement Value	Increase (Decrease)
Roofing - Corporation Yard	05-50	7/1/2011	107,000	120,000	13,000
Carpet - Corporation Yard	05-50	7/1/1986	33,000	45,000	12,000
<b>TOTAL</b>			\$ 140,000	\$ 165,000	\$ 25,000



DATE: March 27, 2017

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

VIA: Kevin M. Miller, City/District Manager

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

SUBJECT: INTERNAL SERVICE FUND FOR COMPENSATED ABSENCES

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### EXECUTIVE SUMMARY

Staff seeks reaffirmation of the City Council's Policy to fully fund the Compensated Absences Fund (Fund) for accrued liability of employee leave balances. Based on a current analysis of employees' leave balances as of 2/21/2017, the Fund is projected to be \$92,915 deficient by June 30, 2017. As indicated in the Internal Service Fund Balance Analysis report presented separately this evening, City staff is projecting that the Vehicle Fund will be overfunded by \$500,332 on June 30, 2017. Staff seeks City Council direction for staff to prepare a resolution for the June 5, 2017 City Council meeting amending the FY 2016-2017 budget to effectuate a transfer of \$92,915 in surplus Vehicle Replacement funds to the Compensated Absences Fund.

### BACKGROUND & ANALYSIS

The City provides vacation and sick leave benefits to current employees based upon the three (3) Memoranda of Understanding (MOU) with AFSCME, IAFF and 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, 2016 was \$2,316,958 for the General Fund, \$160,925 for the Internal Services Funds and \$352,754 for the Enterprise Funds, for a total of \$2,830,636. In FY 2015-2016, the total liability increased by \$86,160 for the General Fund and Internal Service Funds, and increased \$53,433 for the Enterprise Funds, for a total increase of \$139,593.

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 2/21/2017. In Fiscal Year 2017-2018, the recommended assessment to departments is 1.50%, or approximately \$314,825 in total. The General Fund and Special Revenues portion of this amount is approximately \$287,638.

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.

Attachments:

- A. Compensated Absences - 10-Year History FY 2006-2007 to FY 2015-2016
- B. Compensated Absences Comparison with Prior Year
- C. Compensated Absences Cost Allocation Comparison with Prior Year

**Compensated Absences - 10 Year History**

	<b>General 001</b>	<b>Water 401</b>	<b>Wastewater 451</b>	<b>Vehicles 501</b>	<b>IT 504</b>	<b>Building 505</b>	<b>Total All Funds</b>
<b>FY 2006-2007</b>	\$ 2,249,062	\$ 119,944	\$ 126,025	\$ 44,871	\$ 85,694	\$ 42,137	\$ 2,667,733
<b>FY 2007-2008</b>	\$ 2,437,947	\$ 149,193	\$ 161,833	\$ 21,796	\$ 94,545	\$ 26,304	\$ 2,891,618
<b>FY 2008-2009</b>	\$ 2,504,634	\$ 160,039	\$ 152,935	\$ 31,630	\$ 98,460	\$ 63,215	\$ 3,010,913
<b>FY 2009-2010</b>	\$ 2,438,635	\$ 161,763	\$ 153,003	\$ 23,194	\$ 97,300	\$ 67,697	\$ 2,941,592
<b>FY 2010-2011</b>	\$ 2,521,220	\$ 184,644	\$ 162,264	\$ 29,177	\$ 106,323	\$ 63,330	\$ 3,066,958
<b>FY 2011-2012</b>	\$ 2,508,874	\$ 200,080	\$ 181,201	\$ 32,629	\$ 101,909	\$ 69,588	\$ 3,094,281
<b>FY 2012-2013</b>	\$ 2,355,058	\$ 152,756	\$ 162,108	\$ 35,570	\$ 117,051	\$ 69,421	\$ 2,891,964
<b>FY 2013-2014</b>	\$ 2,354,589	\$ 149,284	\$ 151,864	\$ 45,316	\$ 43,036	\$ 77,345	\$ 2,821,434
<b>FY 2014-2015</b>	\$ 2,213,090	\$ 167,582	\$ 131,739	\$ 47,516	\$ 54,064	\$ 77,052	\$ 2,691,043
<b>FY 2015-2016</b>	\$ 2,316,958	\$ 188,446	\$ 164,308	\$ 41,389	\$ 59,225	\$ 60,311	\$ 2,830,636

## Compensated Absences Comparison

	Projected FY 2016/17	Proposed FY 2017/18	Increase (Decrease)	Notes
General Fund				
Fund Balance, Beginning of Year	2,316,958	2,316,958	-	
Assessments charged for benefits earned	253,284	264,638	11,354	1
Interest Income	22,750	23,000	250	
Transfer In From Vehicle Replacement Fund	92,915	-	(92,915)	2
Benefits payments	(368,949)	(264,638)	104,311	3
Projected Fund Balance, End of Year	2,316,958	2,339,958	23,000	
Projected Liability, End of Year	2,316,958	2,339,958	23,000	4
Surplus (Deficiency)	-	-	-	

## Detailed Analysis:

	Increase (Decrease) Rounded to nearest \$1,000
Note 1 (Assessments charged)	
Higher assessments charged to departments due to increase in projected payroll	11,000
Note 2 (Interest Income)	-
No change	
Note 2 (Transfer In from Vehicle Replacement Fund)	
Amount proposed to be transferred from surplus reserves in the Vehicle Replacement Fund to address deficient reserve balance in the Compensated Absences Fund for FY 16/17. No transfer is projected for FY 17/18	(93,000)
Note 3 (Benefit Payments)	
This amount varies greatly depending on payouts that occur each year. Staff estimates that assessments charged in FY 17/18 will match the benefit payments.	104,000
Note 4 (Projected Liability, End of Year)	
Estimated increase in projected liability in FY 17/18	23,000

## Compensated Absences Cost Allocation Comparison

Department Charged	Budgeted FY 2016/17	Proposed FY 2017/18	Increase (Decrease)	Notes
0110 CMO Admin	9,932	9,750	(182)	1
0210 City Clerk Admin	3,671	3,900	229	1
0510 Park & Rec Admin	6,802	8,000	1,198	1
0520 Parks Maint	20,884	23,800	2,916	1
0525 Facility Operations	2,243	2,350	107	1
0534 Youth Camps	1,138	1,240	102	1
0535 Adult Programs	597	620	23	1
0538 Youth Classes	597	620	23	1
0540 Seniors Volunteers	1,195	1,240	45	1
0541 Teen Programs	1,138	1,250	112	1
0610 PD Chief's Office	4,211	4,380	169	1
0620 PD Field Ops	55,700	58,600	2,900	1
0630 PD Admin	28,257	29,233	976	1
0710 Fire Admin	5,082	5,121	39	1
0730 Fire Training/Ops	54,208	56,266	2,058	1
0810 Planning Admin	3,270	3,206	(64)	1
0811 Advance Planning	1,935	1,946	11	1
0812 Current Planning	5,322	5,285	(37)	1
0813 Ordinance Enforcement	2,449	1,517	(932)	1
0820 Building	10,111	9,363	(748)	1
0910 PW Admin & Engineering	7,235	6,161	(1,074)	1
0920 PW Lagoons & Levees	3,615	4,195	580	1
0930 PW Streets	3,320	4,195	875	1
1110 Fin Admin	4,133	4,409	276	1
1120 Fin Genl Acctg	7,372	8,136	764	1
1130 Fin Utilities	1,124	1,485	361	1
1140 Tax & Licenses	1,371	1,430	59	1
1210 HR Admin	4,620	5,500	880	1
114 CALOPPS	876	904	28	1
127 BAERS	876	536	(340)	1
Subtotal (General Fund and Special Revenue Funds)	253,284	264,638	11,354	
401 Water Enterprise	16,747	16,832	85	1
451 Wastewater Enterprise	16,482	17,065	583	1
501 Vehicle Replacement	4,100	4,300	200	1
504 IT	6,300	6,580	280	1
505 Building Maint	5,178	5,410	232	1
Total All Funds	302,091	314,825	12,734	

Note 1: Assessments vary based on projected annual payroll for each respective department