



CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

Staff Report

March 5, 2024
ORDERS OF BUSINESS

TO:	Honorable Mayor and City Council Members
SUBMITTED BY:	Robert Harary, P.E, Director of Public Works
APPROVED BY:	Chip Rerig, City Administrator
SUBJECT:	Receive a presentation on the proposed Fiscal Year 2024/25 Capital Improvement Program and Five-Year Capital Improvement Plan, and provide direction to staff

RECOMMENDATION:

1. Receive a report regarding:

- Capital improvements and key operating budget projects completed, or scheduled to be completed, in Fiscal Year (FY) 2023/24
- Projects recommended to be cancelled or modified
- Capital projects funded in (or prior to) FY 2023/24 that are recommended to be carried over, with remaining funds, into FY 2024/25
- Potential new capital improvement projects for FY 2024/25:
 - Carry-over paving, drainage, and facility renovation projects requiring supplemental funding for construction
 - Potential new projects funded by the Vehicle and Equipment Fund
 - Potential new projects funded by the Capital Improvement Fund
 - Funding and staffing resource limitations to complete additional projects
- Introduction of the Updated 5-year Capital Improvement Plan (FY 2024/25 through 2028/29)

2. Provide guidance regarding:

- Total number of FY 2024/25 projects to be funded
- Funding priorities for future Capital Improvement Projects

BACKGROUND/SUMMARY:

Executive Summary

This report outlines 15 capital improvement projects completed, or will be completed, in FY 2023/24, 14 operating budget projects completed in FY 2023/24, and 4 projects that are recommended to be cancelled or modified. Next, 14 current FY projects, with a remaining balance of approximately \$5.9 million, are proposed to be carried over into FY 2024/25.

Key messages/recommendations to highlight in this year's introduction of the FY 2024/25 CIP:

- 6 carry over projects (2 paving, 2 drainage, and 2 facility renovations) are designed and "shovel ready" for construction. However, they require supplemental funding of \$1.7M to complete. FY 2024/25 capital funding should be programmed to construct these projects **prior to planning or funding any new projects**.
- 6 new vehicle and equipment funded projects, valued at \$545,000, have been identified for consideration for FY 2024/25. Should sufficient funding be available, all of these projects should be considered as the acquisition of vehicles and equipment requires less time and resources versus multi-year infrastructure projects which requires engineering, environmental permitting, public bidding, and construction.
- 12 potential new capital projects, valued at \$2.88M, have also been identified for FY 2024/25 capital funds. Staff recognizes all of the projects have merit; however, the total cost of the projects exceeds available funding. More importantly, even without the addition of these new projects, the City's project management resources have **no additional capacity over the next year**.
- Setting funding availability aside, the total number of CIP Projects programmed to begin in FY 2024/25 should be limited to projects that are "shovel ready" and able to be started with the staff resources available. **Therefore, only a minimal number of critical new CIP projects should be added for FY 2024/25**. This approach will ensure a more manageable and achievable plan for the next year.

Capital Project Definition

While reviewing capital projects, it is helpful to have a common understanding of what constitutes a "Capital Project." The Government Accounting Standard Board uses the term "capital assets" to include "land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, historical treasures, infrastructure, and other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period."

For the City of Carmel-by-the-Sea, staff recommends that we continue to define a Capital Project, or a Capital Outlay, as an asset with any single component or piece of equipment that costs more than \$10,000 and has an expected useful life exceeding ten (10) years.

Some of the projects listed below, such as reports and plans, may not fall under the true definition of a capital project. However, some reports may include recommendations for future capital projects. One example would be the Coastal Engineering Study which has identified numerous physical improvements to be made along the shoreline over the next several years. Other projects are considered one-time special projects designed to meet regulatory requirements, address public safety needs of the community, and/or enhance operational effectiveness.

Infrastructure Needs

A preliminary 5-year Capital Improvement Plan (CIP) is included in **Attachment 1**. This 5-year CIP framework provides information on the needs for necessary infrastructure for the upcoming fiscal year, as well as a forecast for the subsequent four years. Many of these needs have been identified through assessments and plans for City assets, including:

- 2013 Carmel Facilities Assessments
- 2018 ADA Transition Plan
- 2018 MTNP Stream Stability Study
- 2020 Storm Drain Master Plan and 2023 Master Plan Update
- 2022 Climate Action and Climate Adaptation Plans
- 2023 Street Saver Pavement Management Plan/Update
- 2023 Electrical Panel Studies (City Hall, Fire Station, Vista Lobos)
- 2023 Facility Condition Assessments (City Hall, Fire Station, Public Works, Vista Lobos)
- 2023 Police Building Condition Assessment
- 2023-2024 Coastal Engineering Study, Phase I
- City Council Strategic Priorities list

This CIP provides a framework for the Council to allocate funding for the most critical projects over time.

1. Projects Completed in Fiscal Year 2023/24

Fifteen (15) capital improvement projects, with a total value of approximately \$2,971,000, were completed in Fiscal Year 2023/24, or are anticipated to be substantially completed by June 30, 2024, as tabulated below:

No.	Project	FY 24 City Funds	Ext. Funds
1	ADAUpgrades, Year6	\$20,000	
2	City Hall Retaining Wall Repair	170,000	
3	Coastal Engineering Study, Phase I	233,000	
4	Electrical Panel Assessments: City Hall, Fire Station, Vista Lobos, Ocean/Junipero Median	75,000	
5	FY 22 Paving Project (Junipero, Santa Fe, San Carlos, Camino del Monte/Junipero, San Carlos Bike Lane, 4 Sidewalk Repairs)	878,000	\$364,000
6	Harrison Memorial Library Exterior and Partial Interior Painting, and Sunset Center North Wing Exterior Painting	440,000	
7	IT Servers	50,000	
8	MTNP: Water Tank and Pump House Removal and Well Decommissioning	121,000	
9	Police Radios Lease, Year 3	30,000	
10	Sunset Center Bollards (8)	20,000	
11	Sunset Center Carpenter Hall Heater Replacement	45,000	
12	Sunset Center Portico Design	40,000	
13	Sunset Center – Retaining Walls	40,000	

	Repairs Design		
14	Urban Forest Master Plan* (Strategic Priority) * Outreach and Tree Ordinance Updates continues	225,000	
15	Vehicles: 2 Forestry trucks, 2 Police EVs	220,000	
	Total	\$2,607,000	\$364,000

Last year, a change in strategy was implemented in which ongoing, maintenance-oriented projects were budgeted into the applicable department's operating budget, rather than including such projects into the Capital Improvement Program, even if the budget for these maintenance-oriented projects exceeded \$10,000.

As a review of this change in strategy, the following fourteen (14) additional projects, with a total value of approximately \$329,000, were funded in the FY 23/24 Operating Budget and were completed, or are in anticipated to be substantially completed, by June 30, 2024:

No.	Project	City Funds	External Funds
1	Beautification - Ocean Avenue Medians Renovation with Carmel Cares (Strategic Priority)	\$25,000	TBD
2	Fire Station Deck Resurfacing	5,000	\$5,000
3	Forest Hill Park and North Dunes Split Rail Fences	9,000	
4	Forest Hill Park - Nature Play Equipment (Leadership Carmel Legacy Project Donation)	0	
5	MTNP Eleventh Avenue Footbridge Reconstruction, Entry Road, and Gate	8,000	
6	MTNP Tree Removals (2023 storm-damaged), 36 removals, 7 safety pruning	75,000	
7	North Dunes Habitat Restoration, Year 8	60,000	
8	Park Branch Library Dumbwaiter Decommissioning	15,000	
9	San Antonio Pedestrian Pathway Repairs – Structural Design	25,000	
10	Scenic Pathway Gardeners (Carmel Cares)	28,000	
11	Storm Water Ordinances (Strategic Priority)	0	
12	Sunset Center Fire Pump Recirculation System	8,000	
13	Trash Containers: 20 Dual Trash & Recycling, 10 Trash Only	46,000	
14	Wildfire Risk Assessment Plan (Strategic Priority)	20,000	

	Total	\$324,000	\$5,000
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2. Prior Projects Recommended to be Cancelled or Modified

Four (4) projects are recommended to be cancelled or modified as discussed below.

- **Harrison Memorial Library Backup Generator:** During preliminary design, this project was determined to be cost-prohibitive or too impactful to a historic building. Alternative measures should be included in the planned Library Master Plan renovation projects. Therefore, this separate project should be cancelled.
- **Harrison Memorial Library Carpet Replacement:** Carpeting is planned to be included in the planned Library Master Plan renovation projects. Therefore, this separate project should be cancelled.
- **North Dunes Habitat Restoration Interpretive Signage and Split Rail Fencing (\$25,000 donation):** While several small donations have been received over the past two years, none have sufficient to design and install the desired, upgraded interpretive signage. Therefore, this part of the project should be deferred until specific funding has been programmed. The Split Rail Fencing portion of the project was approved by the Forest and Beach Commission in January 2024, and installation is scheduled in the Spring using Public Works/Street Maintenance funds. Furthermore, ongoing habitat restoration is ongoing and will continue to be budgeted under the Public Works/Environmental Programs operating budget.
- **Resilience Infrastructure Planning and Design:** As recommended in the Climate Adaptation Plan, this project involves developing plans for sustainable backup power to provide continued operations of critical facilities. Preliminary review suggests focusing on the Police and Public Works facilities, and potentially include Vista Lobos, in the event of an extended power outage. While this project is still necessary, Staff recommends that this Project be modified by integrating it into the Police Building Project as originally intended along with the remaining balance of approximately \$83,000, rather than advancing this into future fiscal years as a separate project.

3. Projects Funded in (or prior to) FY 2023/24 that are recommended to be carried over to FY 2024/25

The following 14 capital improvement projects, funded in, or prior to, Fiscal Year 2023/24, but not fully completed, should be carried over into FY 2024/25. The total FY 2023/24 budget for these projects was \$9,761,100 and an estimated balance of \$5,872,659 is proposed to be carried over into FY 2024/25. The exact amount of the carry-over will not be known until the end of the current FY.

Vehicle and Equipment Fund:

- **Ambulance and Equipment/AED (\$325,000):** A contract to build the new ambulance with equipment for \$410,000 was executed last year. Delivery is anticipated in December 2025. Funding of \$275,000 from the Vehicle and Equipment Fund and a \$50,000 donation will need to be carried forward until the invoice is due. Staff recommends carrying the funding over into FY 2024/25, and placing the estimated \$85,000 balance for the ambulance into the 5-year CIP for Fiscal Year 2025/26 (Year 2).
- **Fire Engine (Prepaid \$880,000 in prior FY):** In October 2022, Council appropriated this funding and added the fire engine into the FY 2022/23 CIP. The Pierce Manufacturer Enforcer diesel fire

engine has been ordered with delivery anticipated by late 2025. Although the purchase is complete, the project is being carried over until delivery of the fire engine.

Capital Improvement Fund:

- **Annual Paving Project, FY 2023/24 (\$1,096,000):** At the April 4, 2023 meeting, Council adopted a list of streets to be included in the FY 2023/24 annual paving project. The City's Maintenance of Effort contribution of \$657,329 leverages \$438,570 of external funds via TAMC from Measure X, Gas Tax, SB 1, and RSTP. The project includes design and construction of asphalt pavement overlays of five roadway segments, including Upper Ocean Avenue and Santa Lucia Avenue between Dolores Street and Rio Road, removal of failed pavement sections and providing a slurry seal on up to 21 road segments predominately in residential neighborhoods, and replacing broken concrete, asphalt, and brick sidewalks with permeable pavers along five road segments in the downtown area. **Status:** Wallace Group submitted the 30% design for City review. Additional funding is needed for construction as discussed in Section 4A below.
- **Coastal Engineering Study, Phase 2 (\$500,000 - Strategic Priority):** In March 2024, Council is anticipated to approve Amendment No. 2 to the Professional Services Agreement with EMC Planning Group, with subconsultants Integral Corporation and Haro, Kashunich & Associates, for a not-to-exceed fee of \$450,000, to prepare the Coastal Engineering Study, Phase 2. Phase 2 will focus on: hazards policy review and revisions, public outreach and engagement, socio-economic analysis, adaptation strategies and pathway development, and development of the City's Local Coastal Program Amendment. This project is fully funded under a recently-executed Local Coastal Program Grant Agreement by the California Coastal Commission. **Status:** Phase 1 completed in FY 2023/24. Phase 2 to begin upon execution of the Amendment.
- **Concrete Street Repairs (FY 2022/23, \$1,005,000):** In January 2023, Council awarded a \$189,667 Professional Services Agreement to BKF Engineers to design this project. The project includes repairs and resurfacing of concrete intersections at Ocean/San Antonio, San Carlos/Fifth, San Carlos/Sixth, and along Ocean Avenue, between Monte Verde and San Antonio, and along San Carlos between Fifth and Sixth. An ADA ramp and bulb outs are also included at the Junipero/Seventh intersection. The total project budget includes \$441,300 in external funds (i.e. Measure X, SB-1) plus the Maintenance of Effort requirement of \$563,700. During design, the project scope increased along Ocean Avenue to include the three intermittent side streets up to the sidewalks, on both sides of Ocean Avenue. In September 2023, an Amendment was approved with BKF for \$49,092. **Status:** Engineering and design are completed and are "shelf ready". However, the cost estimate well exceeds available funding. The balance of this project funding should be carried over into FY 2024/25, and additional funding will need to be allocated prior to advertising for construction bids as discussed in Section 4A below.
- **CIP Contingency Fund (\$500,000):** During FY 2023/24, \$336,831 of this fund was used as follows: Award bid for FY 2022 Paving Project \$262,779, award bid for MTNP Tank and Pump House Removal and Well Decommissioning Project \$42,378, \$17,860 for the Urban Forest Master Plan to cover unanticipated funding shortfall from CalFire Grant, and final payment of \$13,814 for the electric Street Sweeper following 3CE reimbursement. Any balance should be carried over into FY 2024/25. **Status:** The MTNP 3 Stream Stability/Drainage Projects is currently out for bids. It is anticipated that the remaining balance of the Contingency Funds will be exhausted to award this construction contract.
- **Drainage System Repairs (\$580,000):** The 2023 City-wide Drainage Master Plan Update identified numerous spot repairs needed for our existing underground storm drain pipes, as well as significant

"bottlenecks" in the drainage system. In July 2023, Neill Engineers was issued a \$159,100 Amendment to their Professional Services Agreement to design the Acacia Way headwall, and storm drainage upgrades along Eleventh Avenue (Carmelo to San Antonio), along Lincoln Street, from First to Second, along Second Avenue, from Lincoln to Monte Verde, and along Santa Fe from Eighth Avenue to the MTNP outfall. Remaining funding, of approximately \$414,000, should be carried over into FY 2024/25 for construction, and additional funding will be required to complete this project. **Status:** Design is 90% complete. Environmental documentation is currently underway for two locations, and one easement will need to be acquired prior to bidding. With a construction cost estimate at roughly \$1M, additional funding will be needed as discussed in Section 4A below.

- **Facility Renovation Projects (\$649,000):** Six facility renovations were originally programmed with this Project. As noted above, two projects will be completed by the end of FY 2023/24 - the Harrison Memorial Library and Sunset Center painting projects - and two projects are recommended to be cancelled or deferred - the HML Backup Generator and HML Carpet Replacements which are assumed to be integrated into the Library Master Plan Program. Thus, the remaining funds of approximately \$283,600 should be carried over into FY 2024/25 to fund construction of the remaining two projects which are for the City Hall Roof Replacement and the Sunset Center Cottage Window Repairs. **Status:** The City Hall Roof contract was extracted from a larger, bundled facilities renovation project which resulted in very high bid proposals which were subsequently rejected by Council. This project is anticipated to be advertised for bids this Spring with construction scheduled for the summer. The Cottage Window Repairs will be advertised for bids following the City Hall roof replacement. Supplemental funding is being requested for the City Hall Roof and Cottage Window Repairs Projects as discussed below in Section 4A.
- **Library Master Plan, Phase II-IV (\$100,000):** This project complements the Library's Strategic Plan objective to develop facility plans for the Harrison Memorial and Park Branch Library buildings. The Harrison Memorial Library is 96 years old, and the Park Branch Library was last significantly remodeled 35 years ago. Phases II-IV will encompass community outreach, conceptual designs, and construction documents for initial renovation contracts. Renovations to the facilities are intended to ensure that both library facilities are able to continue to serve the community well into the future. **Status:** A Request for Proposals is being prepared to retain an architect to design the proposed renovations. Carmel Public Library Foundation will be embarking on a significant fundraising campaign to support proposed renovations to both library buildings.
- **Mission Trails Nature Preserve 3 Stream Stability/Drainage Projects (\$85,000):** This project, which consists of the first three of eight stream restoration and erosion control measures recommended by the MTNP Stream Stability Study, is partially funded by a California State Parks Per Capita Grant in the amount of \$178,000. Acquisition of three environmental permits from regulatory agencies delayed the project for one year. Remaining funding of approximately \$67,000 should be carried over in Fiscal Year 2023/24 for construction. **Status:** This project is currently being advertised for construction bids with an estimated cost of \$510,000 and a bid opening scheduled for March 19th. It is anticipated that the remaining CIP Contingency funds will be required to award the construction contract. Further, supplemental funding may be required as discussed in Section 4A below.
- **Police Building Project (\$3,239,000 - Strategic Priority):** In January 2023, Council formed an Ad Hoc Committee, and in June 2023, awarded a \$300,000 Professional Services Agreement to Indigo Architects. In FY 2023/24, Indigo prepared a draft Condition Assessment Report and developed Police space programming needs. In January 2024, the results of these tasks were introduced to Council with preliminary recommendations for advancing the project into schematic design to consider the possibility of constructing a new Police Building at a different site, or significantly renovating the

Police/Public Works building at the existing site. Several public meetings were held to solicit public input. In addition, a number of urgent safety repairs were completed in the Police Building, including electrical panels, steel doors, security systems, Dispatch Room renovation, and others. The FY 2023/24 project balance of approximately \$2.6M to \$2.8M should be carried over into FY 2024/25 to cover remaining costs for schematic design, cost estimating, and potentially commencing design development of a selected alternative. Funding should also be earmarked to continue with 4Leaf project management services and to make necessary safety repairs in the building. As listed in Section 4C below, two repairs are proposed to be funding from this project account: replacement of a garage roll up door for \$30,000, and installation of a covering over the emergency generator for \$15,000. **Status:** Additional public outreach in progress.

- **Scenic Pathway Hardscape Renovations (\$100,000 City, \$100,000 Donations):** Carmel Cares continues to improve the Scenic Pathway. City expenses to date from this fund in FY 2023/24 has been minimal and includes additional lumber and hardware for barrier rail improvements. Proposed improvements along the Pathway include: signage, irrigation repairs, pathway trim edging, decomposed granite repairs, and other hardscape improvements. Remaining funds should be carried over into FY 2024/25. Also, Council requested staff and Carmel Cares to develop a holistic game plan to cover the complete renovation of the Pathway. **Status:** This game plan is currently under review as it may trigger State public works contracting regulations.
- **Shoreline Infrastructure Repairs (\$350,000):** The first phase of the Coastal Engineering Study included a Shoreline Condition Assessment. The Assessment concluded that 2-4 existing seawalls need repairs, with the Fourth Avenue Outfall as the highest priority. Similarly, of the 11 beach access stairs, 9 need repairs with four stairs now closed due to damage resulting from winter storms. Finally, of the 6 rock revetments, 4 need repairs, 3 of which are high priority. Project funding for FY 2023/24 was set at \$250,000; however, at the March 4, 2024 meeting, Council is anticipated to reallocate \$100,000 that was originally earmarked to launch the Coastal Engineering Study, Phase 2 into this project, because Phase 2 is fully funded by the Coastal Commission LCP Grant. In November 2023, Council awarded an Amendment to the Professional Services Agreement with Wallace Group to provide project management services for this project for a fee of \$64,485. The remaining funds should be carried over into FY 2024/25. **Status:** A Request for Proposal required to retain a consultant with expertise in environmental permitting, coastal and structural engineering, and cost estimating has been prepared. RFP release is pending consultation with the California Coastal Commission, staff evaluation of wooded stairs that can be repaired by City crews, and City emergency permitting.
- **Sunset Center – North Lot Electrical Panel (\$100,000):** In July 2023, Council awarded a \$64,560 Professional Services Agreement to Advance Design Consultants for electrical engineering services associated with three projects, including this project for a fee of \$18,240. Based on the 30% design plans and consultations with PG&E and Sunset Center, the project will be able to provide EV charging stations all along the west wall of the parking lot. A two-pronged approach is being pursued. First, the existing, deteriorated electric panel along the Eighth Avenue ADA ramp will be relocated down into the parking lot and rebuilt. This relocated panel will be for commercial service for the parking lot lights. A new PG&E transformer (to be furnished by PG&E at no cost to the City) and electrical panel will also be installed to provide power to the proposed, and future, EV charging stations at discounted energy rates. It is anticipated to 3CE will provide a reimbursement for EV charging stations, but for an amount currently unknown. Remaining funds should be carried over into FY 2024/25. **Status:** Proceeding to 60% design, and engaging PG&E to design the new transformer.

4. Potential Capital Improvement Projects for FY 2024/25

While 16 capital improvement projects were completed, or are anticipated to be completed during FY 2023/24, there are still 14 active projects that should be carried over into FY 2024/25. Numerous new projects have been identified, a majority of which were previously included in the prior 5-Year CIP forecast, and all project are needed and worthwhile. The following is a list of the most pressing or urgent projects as identified by staff. Therefore, the list below certainly does not identify all priority projects.

The fiscal impact to the FY 2024/25 Budget for Capital Improvement Projects cannot yet be assessed until specific capital projects are tentatively selected by Council. In other words, screening the projects at the March 5th meeting, and subsequently fine-tuning the list, will allow staff to focus on the highest priority projects, prepare project descriptions, and refine cost estimates for incorporation into the final CIP and Budget for FY 2024/25.

This year, staff will be presenting the proposed projects under three different categories as follows:

- Carry-Over Paving, Drainage, and Facility Renovation Projects described in Section 3 above, but which require additional funding to proceed with construction
- Potential New Projects funding by the Vehicle and Equipment Fund
- Potential New Projects funding by the Capital Improvement Fund

A) Supplemental Funding for Carry-Over Paving, Drainage, and Facility Renovation Projects

No.	Carry Over Paving Project	Project Construction Cost	Available Funding	Additional Funding Needed
1	FY22 Paving 4 Bid Additives: (San Antonio, 4th–8th, Monte Verde, 4th-Ocean, Torres, 2nd – 4th)	\$835,000	0	\$835,000
2	FY23 Concrete Street Repairs: (Ocean, Monte Verde to San Antonio, San Carlos, 5th to 6th, and Junipero at 7th intersections)	2,815,000	\$792,000	2,023,000
3	FY24 Paving Projects: (4 overlays, 21 slurry, 5 sidewalk repairs)	1,682,000	918,000	764,000
4	FY 25 – No new project; MOE (\$660k) + TAMC Match (\$440k)	0	1,100,000	0
	Paving Subtotals	\$5,332,000	\$2,810,000	\$2,522,000

At the November 2023 meeting, Council awarded a contract in the amount of \$1,139,566 to Monterey Peninsula Engineering for construction of the Base Bid work for the FY 22 Paving Project. It was noted in that staff report that bid prices for paving work have significantly escalated since these prior year paving projects were initially estimated. Furthermore, the Concrete Street Repair Project had a significant, but necessary, scope increase associated with Ocean Avenue structural repairs and improvements to transitions to the intermittent side streets. At that time, staff suggested that no additional paving project designs commence for approximately two fiscal years until funding can be programmed to catch up with

construction.

Each FY, the City is obligated to invest Maintenance of Effort funding to maintain our transportation infrastructure to qualify for Measure X, SB-1, and other external funding. For FY 2024/25, with a **City MOE of \$660,000 plus an estimated TAMC match of \$440,000**, the total available to help catch up on the above carry-over projects is \$1,100,000.

Staff proposes to reformulate the remaining portion of the FY22 and full FY24 paving projects listed above, and fully fund these two projects for construction in FY 2024/25 as follows. Combine Project 1 (FY 22 Bid Additives) plus Paving Project 3 (FY 24 Paving Projects). Total cost estimate needed for construction = \$2,517,000. Funding available for Project 3 (\$918,000), plus new MOE and TAMC funding for FY 25 (\$1,100,000), plus reallocate \$499,000 of the \$792,000 from Concrete Streets Project 2, for a total funding of \$2,517,000. This approach will allow us to complete two major paving projects next year. However, only \$293,000 will remain available for the Concrete Streets, a \$2.8M project, for FY 2025/26. Unless other funding is identified to cover this shortfall, the MOE and TAMC match for FY 2025/26 and FY 2026/27 should also be earmarked to cover the cost for construction of the Concrete Streets. This funding strategy is shown in the attached 5-year CIP.

No.	Carry Over Drainage Project	Project Construction Cost	Available Funding	Additional Funding Needed
5	Drainage System Repairs (4): Acacia Headwall, Eleventh Ave, Lincoln/Second, and Santa Fe	\$1,052,000	\$414,000	\$638,000
6	MTNP 3 Stream Stability/ Drainage Projects	510,000	408,000	102,000
	Drainage Subtotals	\$1,562,000	\$822,000	\$740,000

For the Drainage System Repairs Project 5 above, additional funding of **\$638,000** is requested for FY 2024/25 to proceed with construction.

For the MTNP Drainage Project 6 above will have more precise costs following the upcoming bid opening. It is anticipated that using the available funding of \$67,000 carry-over funding, plus the \$178,000 Per Capita Grant (not yet received), plus the remaining balance of the CIP Contingency Fund of \$163,000, we should be able to award the Base Bid of two of the three projects, and a supplemental allocation of **\$102,000** for FY 2024/25 should be able to cover the third project.

No.	Carry Over Facility Renovation Project	Project Construction Cost	Available Funding	Additional Funding Needed
7	City Hall Roof Replacement	\$350,000	\$183,000	\$167,000
8	Sunset Center Cottages Window Repairs	200,000	100,000	100,000
	Facility Renovation Subtotals	\$550,000	\$283,000	\$267,000

The City Hall Roof Replacement and Sunset Center Cottage Window Repairs were both included in the FY 2023/24 Facility Renovation Project, with four other projects, and which had an initial budget of \$649,000.

Two of the four projects are recommended to be cancelled/deferred in Section 2 - Harrison Memorial Library Carpeting Replacement and Backup Generator Project.

A construction contract in the amount of \$392,150 was awarded to Color New Company in January 2024 for the Sunset Center North Wing Exterior Painting Project and the Harrison Memorial Library Exterior and Interior Painting Project. A deductive change order of \$85,000 was negotiated with the contractor due to the reduction in interior painting in the library. Additional costs for this project included project management services by Ausonio, Inc., architectural services by Ten Over Studio, and hazardous materials testing and abatement monitoring by M3 Environmental. An estimated balance of \$283,000 is recommended to be carried over into FY 2024/25 to cover the above Projects 7 and 8; however, a combined Supplemental allocation of **\$267,000** will be needed to complete these projects.

Supplemental Funding Summary

No.	Carry Over Projects Summary	Project Construction Cost	Available Funding	Additional Funding Needed
1-3	FY22 Bid Additives + FY24 Paving	\$2,517,000	\$1,417,000	\$660,000
4	FY25 TAMC Match		440,000	
5	Drainage System Repairs (4)	1,052,000	414,000	\$638,000
6	MTNP 3 Stream Stability/ Drainage Projects	510,000	408,000	102,000
7	City Hall Roof Replacement	350,000	183,000	167,000
8	SC Cottage Window Repairs	200,000	100,000	100,000
	Additional Allocation Needed	\$4,629,000	\$2,962,000	<u>\$1,667,000</u>

B) Potential New Projects: Vehicle and Equipment Fund

No.	New Project Description	Estimated Cost	Notes
1	Council Chambers AV Upgrade	\$60,000	
2	Core Networks (IT)	50,000	
3	Network Firewalls (IT)	180,000	
4	Police EV Patrol Vehicle (2017)	75,000	Assume \$15k 3CE Reimbursement
5	Police Radios, Year 4 of 6	30,000	
6	Public Works Dump Truck (1995)	150,000	
	Total	\$545,000	

C) Potential New Projects: Capital Improvement Fund

No.	New Project Description	Estimated Cost	Services
1	ADA Upgrades, Year 7	\$20,000	

2	CIP Contingency Fund FY25	400,000	
3	Junipero Bypass Drainage System	175,000	Design
4	Lincoln/Fourth Trestle Bridge	175,000	Environmental Permits and Design
5	MTNP Laiolo Bridge and Path Realignment	125,000	Environmental Permits and Design
6	Norton Court Garage – Security Access System	15,000	
7	Park Branch Library – Windows & Dry Rot Repairs	45,000	
8	San Antonio Pathway Reconstruction	275,000	PM and Construction
9	Shoreline Infrastructure Repairs, Fourth Avenue Outfall Reconstruction	250,000	PM, Environmental Permits and Design
10	Sunset Center – Portico	450,000	PM, Design, and Construction
11	Sunset Center – Retaining Walls Repairs	550,000	PM and Construction
12	Vista Lobos – EV Chargers Installation and Building Electrical Panel	400,000	Final Design and Construction, Partial 3CE Reimbursement (\$60k)
	Totals	\$2,880,000	

Resource Limitations

Please refer to the Fiscal Impact section of the report for anticipated funding available for the Vehicle and Equipment and Capital Improvement Funds for FY 2024/25. Available funding is recommended to be allocated to already designed, "shovel ready" projects that can proceed into construction with supplemental funding. As shown in Section 4A above, \$1,667,000 is needed to complete these projects. Therefore, the list of projects in Sections 4B (Vehicle and Equipment Fund) and 4C (Capital Fund), should be significantly trimmed back to meet the anticipated budget, despite the fact that each project has merit.

Staffing capacity has also an ongoing concern. Since the CIP funding resumed following the Covid Pandemic, the City has relied on three outside project management consultants (4Leaf, Ausonio, Inc., and Wallace Group) to manage (currently) 10 capital projects. While they are providing excellent services, the added cost of outside project management is not sustainable in the long term and has contributed, along with inflation, material availability, and construction labor shortages, to the higher than estimated project costs. Also, the in-house project manager is working on an additional eight capital projects, as well as several large utility permits and special projects. As discussed in Section 3 above, 14 projects are proposed to be carried over into FY 2024/25. Even if no new capital projects are funded for FY 2024/25, there is still a full year of workload for our project manager and project management consultants.

5. Introduction of the Updated 5-Year Capital Improvement Plan

The updated 5-year CIP Exhibit is shown in **Attachment 1**. Although only the first Fiscal Year (2024/2)

would be funded as part of the City Budget, the remaining 4 years serve as a planning tool to identify in advance anticipated future projects.

The 5-year CIP is a “snap shot” in time of anticipated needs for future infrastructure revitalization funding in the outer years. As a dynamic planning document, the CIP for Years 2-5 is subject to change as updated information becomes available. A multi-year plan also accommodates scheduling larger projects into multiple years to allow more projects to be underway concurrently, and to allocate construction funding only when those funds are needed.

Note that the needs for infrastructure renewal and facility repairs far exceed the anticipated revenue over the subsequent four years as well.

The following are key projects, by asset category and preliminary budget estimates, for Years 2-5 only:

- **Drainage:** Includes highest priority drainage repairs and upsizing for 20-year storm events as identified in the 2023 Storm Drain Master Plan Update, bottleneck reconfigurations, and CDS reconstruction = **\$3.33M**.
- **Streets:** Annual paving MOE and TAMC match funding for Years 2 and 3 are earmarked for the FY 23 Concrete Street Repair Projects. For Years 4 and 5, traditional paving overlays, micro-surfacing treatments, slurry seals, sidewalk repairs, parking lot resurfacing, and a bicycle master plan are proposed = **\$3.44M City plus \$1.81M external funds via TAMC**.
- **Facilities:** As a placeholder, a total allocation of \$22M is included to cover final design and construction of a Police Building Project (whether a new station or renovation of the existing building) plus launching the design of the Public Works building renovations. This major project will obviously require a dedicated funding source once a project concept is approved, and these “plug in” numbers need to be adjusted as more information and scheduling becomes available.

Additional facility renovation projects include relocation and renovation of the Scout House wherein the sale of the existing parcel may offset the costs for renovation, critical repairs/code corrections to City Hall and the Fire Station, repairs to park restrooms, and facility condition assessments, painting, and railing repairs = **\$25.15M**.

- **Forestry Parks, and Beach:** Design and construction of the remaining 5 MTNP stream stability projects should continue during this time. Funding for construction of the MTNP Laiolo Bridge is proposed in Year 2, for a total of = **\$1.50M**.
- **Fleet and Equipment:** Replace aging Police, Fire, and Public Works vehicles with Electric Vehicles whenever possible. Replace broken and outdated heavy equipment, including Street’s dump truck and asphalt patch truck, Forestry’s bucket truck and water truck, Police’s speed radar trailer and animal control vehicle, and other vehicles and equipment nearing the end of their useful lives. Complete funding for the Police radios lease and the ambulance purchase = **\$1.48M plus \$0.12M 3CE rebates**.
- **Environmental and Climate Change:** Shoreline infrastructure repairs, notably reconstruction of the Fourth Avenue outfall/wall, as well as for stairs and revetments, and climate action projects and energy upgrade initiatives = **\$3.85M**.
- **IT:** Equipment replacements, security upgrades, Police records management system, and GIS applications expansion = **\$0.58M**.

- **Library:** It is difficult to estimate costs for the library as major renovations proposed under the Library Master Plan are largely subject to donor funding. As a placeholder, for Years 2-5, the 5-Year CIP plan assumes the design and construction of the first two or three renovation projects with a cost of \$4M, primarily funded by private donations, but with a City matching contribution of \$200,000 per year = **\$0.8M plus \$3.2M donations**. These “plug in” numbers need to be adjusted as more information and scheduling becomes available.

Years 2 - 5 Needs Summary:

The total estimated investment of City funds identified for Years 2-5 is **\$42.2M**. This amount clearly exceeds anticipated CIP fund revenues over those four years of **\$5.1M** plus any ending fund balance that may be available in those future years. However, without proper investment, the City's infrastructure noted will further decline into worsening conditions with more costly deferred repairs. Therefore, additional revenue sources should be considered.

6. Council Guidance

Staff is seeking Council's direction on the following issues. Note that this is just the first review and screening of potential projects. Staff will return at the April 2, 2024 meeting to refine the potential projects based on comments received on March 5th.

- Acceptance of the 15 capital improvement projects completed, or anticipated to be completed, in FY 2023/24 as listed in Section 1 above
- Confirmation to cancel or modify the 4 projects described in Section 2 above
- Confirmation to carry over 14 projects from FY 2023/24, including their remaining project funds, into FY 2024/25 as described in Section 3 above
- Review potential projects for the FY 2024/25 CIP, including supplemental funding for carry over paving, drainage, and facility renovation projects, and new projects identified for funding by the Vehicle and Equipment and Capital Improvement Funds as listed in Section 4 above
- Review the preliminary 5-Year CIP, **Attachment 1**, including the preliminary list of identified projects for Years 2 - 5 as described in Section 5 above
- Add, delete, or modify identified projects considering public comments and as desired by Council, and direct staff to return at the April meeting to refine the list of proposed projects for a second review

Upon Council's tentative approval in April, the CIP document will be presented to the Planning Commission in May for a General Plan consistency review as required by State law and the City's Municipal Code.

FISCAL IMPACT:

The preliminary amount of CIP project funding available to be carried over into FY 24/25 is approximately \$5.9M. This amount will be refined during the remainder of the current FY 23/24. For comparison purposes, approximately \$6.8M was carried over from prior fiscal years into the FY 23/24 CIP budget.

The additional fiscal impact for FY 24/25 cannot yet be assessed until specific projects are selected by the City Council.

Carry-Over Paving, Drainage, and Facility Renovation Projects requiring Additional Funding: Staff recommends that the FY22 and FY24 paving projects, two drainage projects, and two facility renovation projects, most of which have already been designed, bid, and/or are “shelf ready” for bidding, be funded before allocating capital funds to new projects that have not yet been started. As noted above a total of \$1,667,000 of City funds are needed to complete these projects

Potential New Projects - Vehicle & Equipment Fund: Six (6) new vehicle and equipment projects are proposed for funding at an estimated cost of \$545,000. The City recognizes a 10% reserve in the Vehicle and Equipment fund balance for replacements. For FY24/25, the Vehicle & Equipment Fund reserve balance is estimated to be \$310,000.

Potential New Projects - Capital Improvement Fund: Fourteen (14) additional projects were listed above with a total estimated cost of \$2,955,000. Staff recommends that this list be slimmed down to fit into the available budget.

PRIOR CITY COUNCIL ACTION:

None for Fiscal Year 2024/25.

ATTACHMENTS:

Attachment 1) Preliminary 5-Year Capital Improvement Plan

City of Carmel-by-the-Sea																
5-Year Capital Improvement Plan																
Excluding Operating Budget Projects																
For March 5, 2024 Council Meeting																
		EXTERNAL FUNDING		2/23/24												
Category	Last Fiscal Year	FY 23/24			Year 1	Year 1	Year 2	Year 2	Year 3	Year 3	Year 4	Year 4	Year 5	Year 5		
	FY 2023/24	Budget	Status		FY 2024/25	Estimate	FY 2025/26	Estimate	FY 2026/27	Estimate	FY 2027/28	Estimate	FY 2028/29	Estimate		
Contingency	CIP Contingency	500	Carry Over		CIP Contingency	400	CIP Contingency	250	CIP Contingency	250	CIP Contingency	250	CIP Contingency	250		
\$1,900		\$ 500				\$ 400		\$ 250		\$ 250		\$ 250		\$ 250		
Drainage	Drainage System Repairs (4)	580	Carry Over		Drainage Repairs - Supplemental	638	Junipero Bypass Construct Ph 1	750	Junipero Bypass Construct, Ph 2	1000	Drainage Repairs - Design	250	Drainage Repairs Construct	800		
					Junipero Bypass Pipe - Design	175			4th Ave CDS - Design	75	4th Ave CDS - Construction	450				
\$4,718		\$ 580				\$ 813		\$ 750		\$ 1,075		\$ 700		\$ 800		
	FY 22 Paving Overlay/Micro Surf	543	Done		FY25 Paving Allocate to FY22 & FY24	660	FY26 Allocate to Concrete Streets	670	FY26 Allocate to Concrete Streets	680	FY28 Paving, Bike, S/W	690	FY29 Paving, Bike, S/W	700		
Streets	TAMC: SB1, X, HUTA, RSTP	335	Done		TAMC: SB1, X, RSTIP, HUTA	440	TAMC: SB1, X, RSTIP, HUTA	445	TAMC: SB1, X, RSTIP, HUTA	450	TAMC: SB1, X, RSTIP, HUTA	455	TAMC: SB1, X, RSTIP, HUTA	460		
	SC - Retaining Walls - Design	40	Done		SC Retaining Walls - Construction	550	Resurface Parking Lots	300	Bicycle Master Plan	70	Resurface Parking Lots	300				
	FY 23 Concrete Street Repairs	564	Carry Over		San Antonio Pathway - Construction	275			Pavement Survey Update	30						
	TAMC: SB1, X, RSTIP, HUTA	441	Carry Over		Lincoln/4th trestle bridge - Design, Env	175	Lincoln/4th trestle bridge - Const	825								
	FY24 Paving Overlay, Slurry, S/W	657	Carry Over													
	TAMC: SB1, X, RSTIP, HUTA	439	Carry Over													
\$11,194		\$ 3,019				\$ 2,100		\$ 2,240		\$ 1,230		\$ 1,445		\$ 1,160		
	ADA Updates - Year 6	20	Done		ADA Updates - Year 7	20	ADA Updates - Year 8	20	ADA Updates - Year 9	20	ADA Updates - Year 10	20	ADA Updates - Year 11	25		
Facilities	City Hall Retaining Wall Repair	170	Done				Scout House Relocate-PM, Env, Des	250	Scout House Relocation	350	Scout House Renovation	500				
	Elect Panels (CH, FS, VL, Ocean)	75	Done		Vista Lobos: EV Chargers & E Panel	400	Assess Facilities (Flanders, RRs)	85	Sell Scout House Property	TBD						
	Sunset Center Ext Painting	250	Done		3CE EV Chargers & Electrical	60	Fire Station Painting	100	Flanders Structural Repairs	250	FS FCA: Roof, Windows, Alarm	500				
	Sunset Center - 8 Bollards	20	Done		Norton Garage - Secure Access	15	Design Repairs - CH, FS per FCA	150	CH FCA: Fire, Doors, Lighting	400	Sunset Center Railings	225				
	SC - Carpenter Hall Heater	45	Done				Fire Backflows to Code (3 bldgs)	150	Park Restroom Repairs	100						
	Sunset Center - Portico - Design	40	Done		Sunset Center Portico Construction	450	Sunset Ctr Painting, Ph 2	250								
	Police Building Project	3,239	Carry Over		PD/PW Gen Cover (PD)	-	Police Building Project - Design	1000	Police Building - Construction	10,000	Police Building Construction	10000	PW Building Reno - Design	1,000		
	Resilience Infr. Pilot Design	85	Merge w/DP													
	City Hall Roof Replacement	160	Carry Over		City Hall Roof - Supplemental	167										
	Sunset Ctr Cottage Windows	100	Carry Over		Sunet Ctr Cottage Windows - Suppl	100										
	Sunset Center - N Lot Electrical	100	Carry Over													
\$30,911		\$ 4,304				\$ 1,212		\$ 2,005		\$ 11,120		\$ 11,245		\$ 1,025		
	MTNP Tank & Well Demo	121	Done		MTNP Laiolo Bridge - Env, Design	125	MTNP Lailo Bridge Construct	125								
Forestry,	Urban Forest Master Plan	75	Done													
Parks & Beach	Urban Forest MP CalFire Grant	150	Done													
	N Dunes Split Rail + Signage	25	Fence Done		MTNP - 3 Drainage Supplemental	102	MTNP Stream Projects 4-5 Design	125	MTNP - Stream 4-5 Construct	500	MTNP-Stream 6-7-Design	150	MTNP-Stream 6-7-Design	600		
	MTNP - Stream 3 Drainage	85	Carry Over													
	MTNP - Stream 3 Drainage Grant	178	Carry Over													
	Scenic Pathway Hardscape	100	Carry Over													
	Scenic Pathway Hardscape (CC)	100	Carry Over													
\$2,561		\$ 834				\$ 227		\$ 250		\$ 500		\$ 150		\$ 600		
	Radios Lease, Year 3	30	Done		Radios Lease, Year 4	30	Radios Lease, Year 5	30	Radios Lease, Year 6	30						
Fleet &	2 Forestry & 2 PD Vehicles	220	Done		PW Dump Truck (1995)	150	Forestry Bucket Truck (1995)	225	Facilities Truck EV (2007)	85	Streets Pickup EV (2005)	75	Streets Pickup EV (2012)	75		
Equipment	EV Vehicles - 3CE Grants	25	TBD		Police EV Patrol (2017)	75	Fire Vehicle EV (2010)	75	Fire Inspector Vehcile EV (2012)	75	Forestry Water Truck (1994)	120	PD Detective Veh EV (2017)	75		
(Vehicle &	Ambulance & Equipment/AED	275	Carry Over		EV Vehicles - 3CE Grants	15	Ambulance - Balance of \$410k	85	PD Admin Vehicle EV (2013)	75	Streets Patch Truck (1999)	100	PD Patrol Vehicle EV (2020)	75		
Equipment Fund)	Ambulance (Donation)	50	Carry Over				Ambulance Heart Monitor	35	PD Animal Control Veh (2009)	75	PD Patrol Vehicle EV (2019)	75				
	Fire Engine (Prepaid \$880k)	0	Carry Over				PD Motorcycle EV (2008)	30	PD Radar Trailer (2009)	25	PD Parking Vehicle EV (2014)	45				
							EV Vehicles - 3CE Grants	20	EV Vehicles - 3CE Grants	30	EV Vehicles - 3CE Grants	30	EV Vehicles - 3CE Grants	35		
\$2,470		\$ 600			\$ -	\$ 270	\$ -	\$ 500		\$ 395		\$ 445		\$ 260		
	Coastal Engineering Study, Ph I	133	Done				Climate Action Plan Projects	50	Climate Action Plan Projects	50	Climate Action Plan Projects	50	Climate Action Plan Projects	50		
Environmental	Coastal Engineering Study, Ph 2	500	Carry Over				Energy Upgrades	50	Energy Upgrades	50	Energy Upgrades	50	Energy Upgrades	50		
& Climate Change	Undergr. Utility Dist. (Rule 20A)	667	Carry Over													
	Shoreline Inf Repairs, Stairs	350	Carry Over		Reconst. 4th Outfall - Env, Design	250	Reconst. 4th Outfall - Const	900								
							Shoreline Inf Repairs - Const 1	750	Shoreline Inf Repairs - Const 2	750	Shoreline Inf Repairs - Const 3	750				
							Shoreline Inf Repairs - Design 2	150	Shoreline Inf Repairs - Design 3	150						
\$5,750		\$ 1,650			\$ -	\$ 250	\$ -	\$ 1,900		\$ 1,000		\$ 850		\$ 100		
	HML Generator	-	Cancel		Core Networks	50	IT Network Refresh	60	IT Equipment	75	IT Equipment	80	IT Equipment	85		
IT	IT Servers	50	Done		Network Firewalls	180	Wireless Access Point	50	GIS Upgrades	30						
(Vehicle &					Council Chambers AV Upgrade	60	PD Records Management	200								
Equipment Fund)																
\$920		\$ 50			\$ -	\$ 290	\$ -	\$ 310		\$ 105		\$ 80		\$ 85		
	HML Carpet	-	Cancel		PBL - Windows, Dry Rot	45										
Library	HML Exterior + Part Interior Paint	140	Done				MP Project #1 - Construction	200	MP Project #2 - Design	200	MP Project #2 - Construction	200	MP Project #3 - Design	200		
	Library Master Plan - Phases 2-4	100	Carry Over		Library Master Plan Supplemental	TBD	MP Project #1 - Donations	800	MP Project #2 - Donations	800	MP Project #2 - Donations	800	MP Project #3 - Donations	800		
\$4,285		\$ 240				\$ 45		\$ 1,000		\$ 1,000		\$ 1,000		\$ 1,000		
Grand Totals	\$64,709	\$11,777			\$5,607	\$9,205	\$16,675	\$16,165	\$5,280							
City Funding	\$56,184	\$8,892			\$5,092	\$7,940	\$15,395	\$14,880	\$3,985							
External Funding	\$8,525	\$2,885			\$515	\$1,265	\$1,280	\$1,285	\$1,295							