

AGENDA ITEM
CITY COUNCIL MEETING DATE – OCTOBER 18, 2016
BUSINESS ITEM

DATE : October 2, 2016

TO : City Manager

FROM : Deputy City Manager / Economic Development Manager

SUBJECT : MEASURE C EXPENDITURE PLAN FOR UNCOMMITTED SURPLUS FUNDS

RECOMMENDATION:

Adopt proposed Resolution allocating remaining balance from Measure C proceeds from the initial quarter (April 1 – June 30, 2015) and surplus funds received in fiscal year 2015-2016.

EXECUTIVE SUMMARY:

Prior to the passage of Measure C (November 2014) City staff estimated the revenue from Measure C to be \$3.7 million per year. For Fiscal Year 2015-2016 (July 1, 2015 to June 30, 2016) the City has collected \$4.8 million. Staff recommends funding four additional projects with the proceeds which exceed the original \$3.7 million estimate: two road projects, Fitzgerald Field bleacher replacement and repairs to the Clock Tower.

BUDGET INFORMATION:

To date that City has total of \$1,690,000 of unallocated Measure C funds from FY 2014- 2015 and FY 2015-2016.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- ❑ Strategy Issue #3: Strengthening Economic and Fiscal Conditions
 - Strategy #4: Manage City finances prudently

BACKGROUND:

As noted in the May 2016 staff report related to Measure C, when staff was developing the revenue projections for Measure C there was a fair degree of uncertainty. Measure C is considered a Local Use and Transaction Tax and it is calculated differently than the State Sales and Use Tax. For a local use and transaction tax, the tax is only collected by Benicia if the item is both purchased and consumed in Benicia. Based on these taxing parameters staff had to estimate the revenue that would be generated from Measure C. Since much of our tax base is generated in the Industrial Park where items are shipped outside

of Benicia and thus not eligible for the Measure C tax, staff made a conservative annual revenue projection of \$3.7 million or put another way, approximately \$925,000 per quarter. Fortunately, due to strong automobile sales, among other things, the revenue received for FY 2015-2016 was \$4.8 million.

This surplus of \$1.1 million in addition to the remaining balance from the proceeds received in FY 2014-2015 of \$590,000 account for a total of \$1,690,000 of unallocated Measure C funds. This total does not include any projected surplus for the current fiscal year (FY 2016-2017). While staff believes that this year will also see a surplus, staff is withholding an expenditure plan until spring of 2017. At that time staff will have more information on actual numbers and will be better equipped to forecast a more accurate surplus amount.

At this time staff recommends allocating the surplus Measure C funds of \$1,690,000 and redistributing some funds (\$350,000) from a current Measure C project, Computer Aided Dispatch Update (CAD), to four new Measure C projects. The CAD project is an original Measure C project funded at \$400,000. The Police Chief will, in the coming weeks, commission a study to determine the best approach to update our CAD system. However, that work will not be completed by June 30, 2017. The Chief has also noted that it is likely that an update will exceed \$400,000. For these reasons, staff is recommending that \$350,000 be redistributed from the CAD project to a project that can be initiated this fiscal year. Staff further recommends that at a later date, during the review of the FY 2016-2017 surplus and/or the adoption of the next city budget (FY's 2017-2019), the CAD project funding be restored and if necessary increased to complete the project. It is important to note that staff is not recommending the removal of the CAD project but rather a deferral. By deferring funding for the CAD project the City can add to the totaling funding for a new road project that can be initiated this fiscal year. As a result of these actions, the total funds to be allocated on new projects are \$2,040,000.

While the revenue surplus from Measure C is a welcome occurrence, it is only a one-time revenue source and insufficient to meet all of the City's many capital and infrastructure needs. However, staff has identified four projects that both meet our infrastructure needs and mirror the priorities and promises articulated in the voter information about Measure C; namely projects that support parks, public safety and roads. The following chart highlights staff's recommendations for the four new Measure C projects:

Chart 1: Recommended Additional Measure C Projects

Project Name	Estimated Cost	Start Date	Completion Date
1. First Street Micro-Surfacing	\$450,000	Construction: April 2017	May 2017
2. Fitzgerald Field Bleacher Replacement	\$350,000	Design: January 2017 Construction: July 2017	March 2018
3. Clock Tower: (Roof Replacement & Tower Stabilization Phase I)	\$890,000	Construction: March 2017	June 2017
4. Pavement Seal Project	\$350,000	Construction: July 2017	August 2017
Total	\$2,040,000		

Two of the four recommended projects make improvements to our roads. The other two projects address deteriorating conditions in City parks and facilities with replacement of the bleachers at Fitzgerald Field and roof replacement and tower stabilization at the Clock Tower facility.

The First Street micro-surfacing project is a pavement seal application consisting of oil and crushed rock with chemical additives that helps prolong the life of a street. When maintaining streets in good condition, micro-surfacing is a cost effective pavement maintenance method. Staff anticipates designing this project in January with goal of beginning work in April 2017.

The Pavement Seal Project is a pavement maintenance treatment on streets with good pavement condition. This type of treatment is also referred to as a slurry seal and is similar to micro-surfacing with the exception of no chemical additives that help with the setup and bonding time, meaning less impact to the community. Staff is still developing the list of streets to benefit from this application but is it anticipated this project will seal approximately four miles of street, which is approximately 2% of the street surface in the city. This project will begin in the summer of 2017 with a completion date in August 2017.

Staff is also recommending an allocation of \$350,000 for the design, removal and replacement of the Fitzgerald Field bleachers. These bleachers were constructed in the early 1980's. Many of the walkway and seating areas have been replaced and repainted several times. The project design would begin in January 2017 with construction beginning in the summer of 2017 then completed prior to Spring 2018.

The final project is the roof replacement and tower stabilization of the Clock

Tower. In May, staff advised the City Council that some of that sandstone masonry on the facilities tower is beginning to fail. The sandstone units at the top of the tower have deteriorated and the sandstone along the west side of the tower is spalling. Pieces of stone have recently fallen from the top of the tower where the stone has weathered most, creating a safety hazard. In addition to the seismic stabilization work, the Clock Tower roof is currently in need of replacement. At the May 17th City Council meeting, the Council allocated \$100,000 for design work to address these issues. This request is to fund the work necessary to replace the roof and stabilize the tower. The projected cost for that work is \$890,000; together with the design cost, the total Clock Tower project is \$990,000.

If the above described projects are approved, then the following chart highlights all of the sixteen (16) Measure C projects.

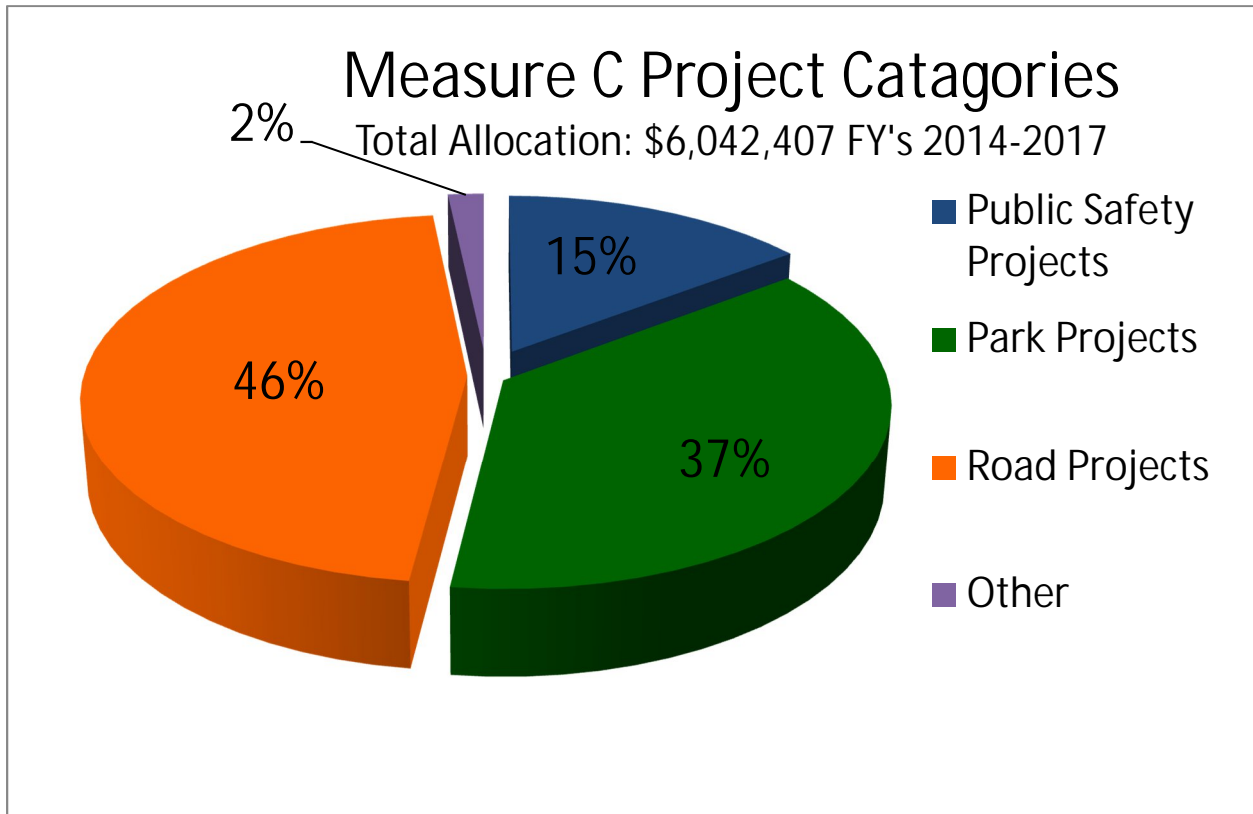
Chart 2: Measure C Projects Including New Proposed Projects

Measure C Project Name	Cost of Project	Project Status
1. Police/Fire Dispatch Project (Study to update system)	\$50,000	Spring 2017
2. Fire Engine Replacement (2 Engines)	\$740,491	Ordered by Dec. 2016
3. Police Vehicle Camera Replacement	\$103,610	Completed
4. First Street Waterfront Promenade Railing Project	\$273,606	November 2016
5. Community Park Playground Project	\$205,700	Completed
6. Benicia Middle School Road Project	\$550,000	June 2017
7. Industrial Park Road Project	\$1,155,000	June 2017
8. Downtown Sidewalk Repair Project	\$100,000	May 2017
9. Pothole & Resurfacing Project	\$200,000	Completed
10. Storm Water Management & Flood Mitigation Plan	\$100,000	Spring 2017
11. James Lemos Swim Center Repair Project	\$440,000	January 2017
12. Clock Tower Project (Design & Repair Roof and Tower Stabilization Phase I)	\$990,000	June 2017
13. Measure C Administration Fund	\$4,000	Ongoing
14. First Street Micro-Surfacing	\$450,000	May 2017
15. Fitzgerald Field Bleacher Replacement	\$350,000	March 2018
16. Pavement Seal Project	\$350,000	August 2017

The investment for these 16 Measure C capital improvement/equipment projects total to \$6,062,407. The funding for these projects stem from proceeds collected from April 2015 through June 2017. Viewed in another way, one can observe through Chart 3 the breakdown in categories for Measure C projects. As prioritized by the citizens of Benicia in a citizen survey prior to the passage of Measure C, the proceeds of Measure C have been invested in three major

categories; Public Safety, Parks, and Roads. Road projects have garnered the greatest investment securing 46% of the Measure C allocations; which is consistent with the high priority the citizens placed on road repair.

Chart 3:



Moving forward, staff will provide the next quarterly Measure C update in January and likely return in March 2017 for a discussion and direction on the allocation of the FY 2016-2017 potential surplus. If such a surplus is insufficient then begin discussion on an allocation from FY 2017-2018 budget. Staff recommends adoption of the proposed resolution allocating surplus funds from the Measure C Uncommitted Capital fund and allocation \$350,000 from the CAD project to the Pavement Seal Project.

Attachment:

- Proposed Resolution