

SUBJECT: PRELIMINARY FY 2014-2015 BUDGET STUDY SESSION

SOURCE: Administration

COMMENT: The purpose of this report is to provide the basis of information with regard to the City's anticipated capital projects work plan and Fund activities for the coming 2014-15 fiscal year. Staff will provide a more thorough examination and review of the proposed projects during the meeting.

### STREET PROJECTS

The completion of the Plano Street Bridge Widening Project remains the primary project this coming fiscal year. The estimated total project cost is approximately \$13.3 million, of which the City's match is 11.47% (\$1,353,800), which is funded through Certificates of Participation (COP) and Local Transportation Funds (LTF). Though originally anticipated to be completed in two construction phases due to the seasonal flow requirements of the Tule River, the project will likely be completed in a single phase (October 2014) due to the lack of precipitation this past year.

Significant previously-appropriated street projects that are anticipated to progress next fiscal year include: 1) Jaye Street Bridge Replacement/Widening (\$13.2 million); 2) Jaye Street Roundabout & Montgomery Street Reconstruction (\$1.67 million); 3) Westwood Street Shoulder Stabilization/Widening - Henderson Avenue to Westfield Avenue (\$1.31 million); 4) Lime Street Reconstruction, Phase I - Henderson Avenue to former railroad ROW (\$1.25 million); 5) Newcomb Street Shoulder Stabilization/Widening, Phase 2 - Roby Avenue to Olive Avenue (\$1.14 million); 6) W. North Grand Avenue Reconstruction, Phase 3 - Newcomb Street to Boyles Street (\$702,000); 7) Gibbons Avenue Reconstruction, Phase I - Jaye Street to Indiana Street (\$660,935); 8) Downtown Pedestrian Walkway - Oak Avenue (\$557,000); 9) Morton Avenue Shoulder Stabilization - Westwood Street to Highway 65 (\$431,000); and 10) Date Avenue Reconstruction - Jaye Street to "H" Street (\$217,259).

It is projected for the coming fiscal year that the City will receive approximately \$800,000 in Measure R "Local" funds for micro-surfacing projects, of which the City has received an advance from TCAG to fund the micro-surfacing. Consistent with the City's Pavement Condition Index (PCI), Council approved the micro-surfacing of Date Avenue (Main Street to Orange Avenue), Henderson Avenue (Main Street to

Jaye Street), Indiana Street (Olive Avenue to Putnam Avenue), Jaye Street (Highway 190 to Springville Avenue), and Main Street (Highway 190 to Yates Avenue).

Significant staff time will be spent in continued facilitation with Caltrans on the implementation of the Highway 190 Corridor Study and the immediate term interchange and intersection improvements, with TCAG Measure R "Regional" funds as the source of funding.

#### WATER PROJECTS

Utilizing the approximate \$1.4 million remainder of the CIEDB loan, development of Well #32 is expected to be completed in the coming fiscal year, which is located southwest of the Airport near the Porterville Fairgrounds. As part of the recently-approved Akin Water Company Services Agreement, the development of Well #33 will begin this coming fiscal year, with approximately \$1.5 million in funding to be provided by the Department of Water Resources. Also, in conjunction with the ongoing Island Annexation Sewer Extension Projects, water mains are expected to be installed in the areas not currently served by City water.

#### SEWER PROJECTS

With the third of the Island Annexation Sewer Extension Projects having begun construction, it is anticipated that more than \$7 million in sewer extension projects will have been constructed during the 2012-2013, 2013-2014, 2014-2015, and possibly 2015-2016 fiscal years, with the objective of connecting to City sewer the approximate 5,000 former County residents that were subject to annexation in 2006.

#### GENERAL FUND, MEASURE H & GRANT-FUNDED PROJECTS

The beginning of construction of both the new Public Safety Station and new Animal Shelter, as well as the opening of Fallen Heroes Park, are the primary projects this coming fiscal year.

The recently-awarded low bid of \$4,602,270 for construction of the Public Safety Building was to local contractor, Webb & Son. Approximately \$4.6 million is currently in the Measure H Fund Reserve for construction of the facility, which given the annual Measure H Fund revenues projected in excess of expenditures of approximately \$300,000, the increment will be proposed to be used in the hiring of three (3) additional Fire Department personnel when the facility is expected to become operational in the 2015-16 fiscal year.

With the recent authorization to advertise for bids, the new Animal Shelter is expected to begin construction and become operational in the coming fiscal year. With \$1.3 million previously appropriated from the

Building Construction Fund and County PTAF Lawsuit Settlement, and an estimated total construction cost of \$1.2 million, the facility is anticipated to be fully-funded. No additional full-time Police Department staffing is expected to be necessary, given an allocated Community Services Officer position is to be assigned to the facility, and the use of part-time personnel to augment operations.

Utilizing Proposition 84 grant funds (\$2.1 million), construction of the new Fallen Heroes Park is underway, with construction expected to be complete and become operational this Summer 2014. No additional full-time Parks & Leisure Services Department staffing is expected to be necessary, with the use of part-time personnel to augment operations.

#### GENERAL FUND BUDGET

Staff has conservatively estimated General Fund revenues for the coming fiscal year at approximately \$22.5 million, which represents an approximate 1.75% increase over the current fiscal year. Although Sales and Use Tax revenues are forecasted to continue to grow this next year by approximately \$235,000 (6%), the County Assessor's Office has forecasted only meager Property Tax revenue growth of approximately \$43,000 (0.6%).

Staff has estimated General Fund expenditures for the coming fiscal year at approximately \$23.6 million, which represents an approximate 1.77% increase over the current fiscal year, and an estimated \$1.15 million budget shortfall. A budget-balancing solution employed for the past couple of years have been to curtail Departmental spending to either 94% or 95% of budgeted expenditures, which this next year would "save" approximately \$1.16 million (95%).

#### RISK MANAGEMENT BUDGET

Staff is most concerned by the performance of the Risk Management Fund, and most specifically the Health & Life component of the Fund, with multi-year deficits of at least \$1 million. Although revenues have remained consistent, Health & Life Plan expenditures have steadily increased. To address this continuing shortfall, staff recommends this next fiscal year that the City work with its employee associations on Health Plan modifications for cost-savings, increased employer and employee contributions to the Fund, as well as increasing retired employee contributions.

**RECOMMENDATION:** That the Council accept staff's presentation, and provide direction accordingly.