



May 12, 2014

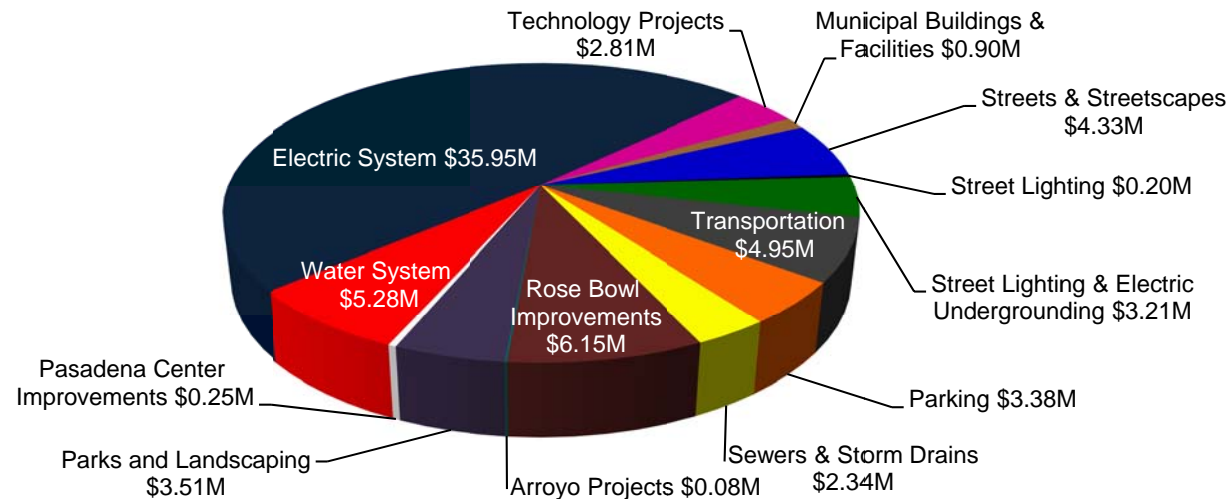
**TO:** The Honorable Mayor and City Council Members of the City of Pasadena

**FROM:** Michael J. Beck, City Manager

**SUBJECT:** Fiscal Year 2015 to 2019 Capital Improvement Program

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It is my privilege to transmit the Recommended Fiscal Year 2015 to 2019 Capital Improvement Program (CIP) Budget. The CIP is a compilation of infrastructure and major maintenance projects designed to expand, enhance and/or preserve the foundation of this great city. The five-year CIP contains 225 active projects with a total cost of \$943,495,573. The Recommended FY 2015 CIP budget contains 16 new projects, and appropriates \$72,319,778 to 79 projects in the CIP categories shown below:



## **Budget Overview**

This year Pasadena will celebrate its 128<sup>th</sup> birthday. We enjoy a proud legacy and look forward to an exciting future. One of the aspects of being 128 years old is that some of the City's infrastructure has exceeded its useful life. Over the past few years as the City survived and thrived through one of the deepest economic declines in history, Pasadena continued to invest in its physical infrastructure, but much more is necessary. Providing for the construction and maintenance of City-owned infrastructure is one of our core responsibilities. The City has adopted master plans for improving and maintaining our streets, storm drains, water system, and electric substations. We must strategically invest even more to implement the objectives of the master plans and ensure reliability.

The biggest challenge of maintaining and enhancing capital infrastructure is identifying sufficient funding to address all of our capital needs. Capital projects are typically funded directly through special revenues, and grants, and/or through long term debt financing supported by dedicated revenues. The recommended CIP utilizes all these financing options. City staff aggressively seeks grant funding as well as optimizes annual revenue received from state and federal government sources. When selecting which projects to propose for funding, priority is given to those that improve public and employee safety, prevent extensive maintenance requirements, and no longer adequately meet the needs of our services or programs. Availability of funding is also taken into consideration in determining which projects are included in the CIP.

Capital budgeting is a long-term commitment that forecasts 5 to 10 years into the future. For example, the reliance on advanced technology infrastructure continues to dominate almost every aspect of our daily lives and therefore we need to ensure that the City's advanced communication networks are able to support future innovative solutions in energy, transportation, and business operations. City staff is currently working on a Fiber Services Strategic Plan to formulate fiber expansion and management strategies, as well as seek new revenue opportunities. One of the results may be to overbuild our existing fiber optic ring beyond our near term governmental needs and look to sell services to support economic development needs.

With limited funding for capital projects, it is important to assess if previous capital projects remain a high priority today. As an example, currently the City has an electrical system undergrounding program that generates annual surtax revenue of about \$5 million. After 46 years the program has funded the undergrounding of approximately 74 miles of our primary overhead electrical distribution system. There is some question as to if the City should continue this program until all power lines are underground, which could take an additional 70+ years to complete. Alternatively, we may have already achieved the optimal percentage of underground versus overhead electrical system for reliability. If the program can be reduced or eliminated, one option might be to seek voter approval to use the \$5 million in annual revenue for other critical infrastructure improvement needs. Repurposing a current tax that has achieved its primary objective might be an acceptable solution for identifying resources for other higher priority projects that lack sufficient funding.

Although \$72.3 million is being appropriated to this year's CIP, the Future Projects section of the CIP document identifies an additional 183 projects with a total project cost of \$550.9 million. These infrastructure needs are not part of the five-year CIP funding plan but provide a larger picture of the city's total outstanding needs. Some of the more significant unfunded needs include improvements to city-owned facilities, implementation of specific plans and park master plans, development of a recycled water system, and replacement of our utility customer service billing system.

### **Capital BUDGET PRIORITIES**

The CIP addresses and furthers the City Council's Strategic Plan Goals which are to:

- Maintain fiscal responsibility and stability;
- Improve, maintain and enhance public facilities and infrastructure;
- Increase conservation and sustainability;
- Improve mobility and accessibility throughout the city; and
- Support and promote the quality of life and local economy.
- Ensure public safety.

In addition, project managers consider the following priorities when they evaluate, identify and create CIP projects and recommend funding:

- The project is needed to address a particular safety concern;
- The project is necessary because existing maintenance efforts are no longer satisfactory and repair costs exceed the replacement cost;
- An existing facility or system is no longer adequate to meet current or future demand; and
- Availability of funding.

## **CAPITAL BUDGET HIGHLIGHTS**

The following budget highlights demonstrate how the CIP furthers the City Council goals and priorities.

### ***Maintain fiscal responsibility and stability***

The CIP budget helps Pasadena plan for the future by identifying new construction and major maintenance projects that will expand, enhance, and/or preserve the City's infrastructure. While the appropriations are for the current fiscal year, the five-year forecast allows the City to develop funding strategies. As part of the FY 2015 CIP budget, four projects were awarded grant funding totaling just over \$4.8 million from Federal and County sources.

A significant portion of the funding for the FY 2015 CIP is derived from dedicated State funding sources (e.g. Gas Tax and TDA Article 3), and local funding such as Residential Impact Fee, Sewer Maintenance and Construction Fund, Sewer Facility Charge, Undergrounding Utilities Fund, Traffic Reduction Fee, Off-Street Parking Facility Fund, Water Fund, and Power Fund.

As a result, the funding options available for CIP projects are limited to the available dollars in each restricted fund. This presents a challenge for some of the larger CIP projects that either do not have a dedicated funding source or where the funding source is limited.

### ***Improve, maintain and enhance public facilities and infrastructure***

A primary focus of the CIP is to improve, maintain and enhance the City's public facilities and infrastructure as reflected in projects contained throughout the sections of the CIP document. Highlights in the FY 2015 budget include:

- An additional appropriation of \$14.2 million to the *Local Generation Repowering Project – Phase II* will allow for the construction of new, electric generating units. This project will maintain the City's ability to generate power locally by replacing the existing 48 year old steam-generating Unit B-3;
- The *Building Preventive Maintenance* project will receive \$900,000 to address deferred maintenance needs. Part of the FY 2015 workplan will include energy efficient upgrades, safety improvements, deferred maintenance and ADA improvements at various buildings;
- The *La Loma Bridge Rehabilitation* project will begin construction in FY 2015. This \$16.7 million project was created in 1983 and with the receipt of approximately \$13.0 million from the Federal Highway Bridge Program this historic structure will finally be rehabilitated;

- The development of the 3.9 acre Desiderio Park will continue in FY 2015 with a \$1.4 million investment to create a passive neighborhood park. This former Army facility was acquired in 2013. In FY 2015, the City plans to demolish the current structures and prepare the site for the development of a low impact park space; and
- The *Rose Bowl Renovation Project* will continue in FY 2015 with an additional appropriation of \$5.0 million. The remaining project elements will concentrate on concourse improvements and are expected to be completed in FY 2018.

### ***Increase conservation and sustainability***

The CIP promotes the City Council's vision for a safe, healthy and sustainable environment by incorporating environmentally sound standards into improvements when available. Notable efforts in this year's CIP are:

- The *Preventive Maintenance – Asphalt Streets* project will continue using rubberized asphalt concrete (RAC) containing recycled tires to repave the streets. The RAC benefits the environment by reusing scrap tire rubber and diverting tires from landfills and stockpiles, uses less material that lasts longer than conventional asphalt concrete, and better absorbs noise. Using RAC results in less aggregates (mining) and asphalt (drilling), and requires less energy to produce;
- The City will continue to install energy efficient lights through the *Repair and/or Replacement of Existing Street Lighting Systems* project, in Street Lighting and Electric System Undergrounding projects, and the *DeLacey and Schoolhouse Parking Structures - LED Lighting Upgrades* project. The life of energy efficient street lights range from 50,000 to 100,000 hours and consume approximately 60 percent less energy than high pressure sodium luminaries which have an average life of 24,000 hours. Installation of "green" reusable LED tube lighting at the DeLacey and Schoolhouse parking garages will save approximately \$640,000 over ten years;
- Expansion and upgrades of electric vehicle charging facilities through the *Zero Emission Vehicle Charging Stations* project will continue in FY 2015;
- The *Detections of Bicycles at Intersections Controlled by Traffic Signals* project will promote bicycle riding for commuting and recreation, thereby increasing the use of non-motorized modes of transportation within the City; and
- The *Local Generation Repowering Project – Phase II* project will replace the steam-generating power unit with a new gas-fired combined-cycle unit that will be more efficient and environmentally friendly by reducing the City's dependence on coal.

### ***Improve mobility and accessibility throughout the city***

Many of the Transportation section CIP projects enhance and improve mobility and accessibility throughout the City. Traffic management remains a key element of the CIP budget.

- Responses to changing traffic conditions, including signal synchronization, traveler information, and traffic monitoring and control devices are all part of the FY 2015 CIP in such projects as *Intelligent Transportation System (ITS) Project Phases I, II and III, Traffic Signal Improvements at Pasadena Avenue and Walnut Street, Left Turn Signal Phasing at Colorado Boulevard and Orange Grove Boulevard and at Orange Grove Boulevard and Holly Street, Traffic Mitigation Improvements, and ITS Equipment Upgrades*;
- Well maintained streets and roads, sidewalks, wheelchair ramps, bridges, guard rails, and storm drains allow for the safe movement of residents and visitors within our City. The FY 2015 CIP appropriates over \$5.1 million for these types of projects through the *Preventive Maintenance – Asphalt Streets FY 2011 – 2015, Resurfacing and Slurry Sealing Streets FY 2015, Preventive Maintenance – Bridges FY 2011 - 2015, Pedestrian Accessibility FY 2011 - 2015, La Loma Bridge Rehabilitation, Holly Street Bridge – Seismic Retrofit, Installation/Replacement of Guard Rails FY 2011 – 2015, Preventive Maintenance – Curbs and Gutters FY 2011 – 2015, Storm Drain Structure Repair and Improvements FY 2011 – 2015, Drainage Improvements on Streets with Flat Grades FY 2011 – 2015, and Rehabilitation of Arroyo Parkway Storm Drain from Holly Street to South City Limits*; and
- The FY 2015 CIP emphasizes the ability to move through the City without an automobile through such projects as the *Pasadena Bicycle Program FY 2010 - 2015, Gold Line Phase I – Project Enhancements, Pedestrian Accessibility FY 2011 – 2015, Pedestrian Safety Enhancements at Signalized Intersections, Detection of Bicycles at Intersections Controlled by Traffic Signals, and Bus Stop Improvement Program*.

### ***Support and promote the quality of life and local economy***

Another focus of the CIP process involves improving the quality of life in Pasadena. All of the safety issues, preventive maintenance efforts, as well as the projects within the various specific and streetscape plans, park improvement projects, and efforts to improve the Pasadena Center and Rose Bowl make Pasadena a desirable place to live, work, and enjoy. Most notable as part of the FY 2015 CIP is \$3.5 million worth of improvements to various City parks. This is in addition to the \$24.4 million spent on parks and open space projects between FY2009 and FY2013.

A new, lighted soccer field at Muir High School will provide additional field space for youth sports. The development of the new Desiderio Park will also greatly enhance the quality of life for Pasadena residents and visitors alike by providing 3.9 acres of new parkland. In addition, renovations at the Rose Bowl will continue.

The continuation of the *Pasadena Wayfinding System* project, which implements a wayfinding system that guides users to and from their destinations, enhances the experience of being in Pasadena. This creates a sense of community and improves access, identification and connectivity to adjacent areas with the ultimate goal of promoting economic vitality through convenient destination oriented signage.

To maintain the quality of life in Pasadena, the City strives to balance neighborhood needs by mitigating traffic caused by developments. Each year, the CIP program continues ongoing work on the *Mobility Corridor Improvements, Arterials Speed Management Program, and Traffic Mitigation Improvements – Phase I* projects. These projects emphasize the creation of viable options to reduce traffic and speeding on residential streets and move this traffic to mobility corridors. Staff works with residents to develop plans that meet individual neighborhoods' needs.

Finally, as part of the City's ongoing commitment to enhancing the quality of life and the local economy, the CIP notes all projects located in Northwest Pasadena. The northwest area of Pasadena is home to over 50,000 residents and 189 businesses. This diverse community continues to experience successful economic revitalization and rebirth with recent development projects. There are currently 43 existing CIP projects located partially or completely in Northwest Pasadena with over \$10.6 million appropriated in FY 2015.

### ***Ensure public safety***

Public safety elements can be found incorporated throughout the entire CIP in a wide array of projects. Proper maintenance and repairs of buildings, roads, and bridges minimizes potential hazards to the public and is enhanced through a variety of improvements and projects in the Transportation, Parking and Technology sections. Traffic mitigation measures help to reduce the number of traffic accidents and injuries to motorists, cyclists and pedestrians. Public safety is also achieved through ADA accessibility improvements in public facilities, parking garages, and parks.

Examples of projects that enhance public safety include:

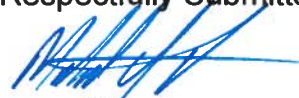
- The *Holly Street Bridge – Seismic Retrofit* project will begin in FY 2015 with the receipt of \$1.1 million from the Federal Highway Bridge Program;
- The continued work on the *Pedestrian Safety Enhancements at Signalized Intersections and Pedestrian Accessibility FY 2011 – 2015* projects will improve pedestrian safety, while the *Detection of Bicycles at Intersections Controlled at Traffic Signals* and the *Pasadena Bicycle Program FY 2010 - 2015* will enhance cyclist safety;

- More than \$3.4 million will be appropriated for improvements and deferred maintenance at various parking structures as part of the following projects: *DeLacey, Schoolhouse, and Marriott Garage Improvements FY 2015 - 2019, Paseo, Marengo, Los Robles Parking Garage Improvements FY 2015 – 2019, Holly Street Parking Garage Improvements FY 2015 – 2019, Del Mar Station Garage Improvements FY 2015 – 2019, Plaza Las Fuentes Parking Garage Improvements FY 2015 – 2019, DeLacey Parking Structure – Stairwell Improvements, and DeLacey and Schoolhouse Parking Structures – LED Lighting Upgrades*. This will help prolong the City's investment, as well as meet safety and maintenance standards;
- A new project, *Citywide Park Accessibility Improvements* will begin in FY 2015 to address all accessibility-related deficiencies at City parks; and
- The *In Car Police Video – Mobile Audio/Video (MAV) System* and *Police Department Body Cameras* projects focus specifically on using technological advancements to enhance the Police Department's ability to ensure the safety of police officers and the community. In FY 2015, an appropriation of \$600,000 will fully fund the purchase and installation of a new MAV system in police cars and motorcycles.

## CONCLUSION

The Fiscal Year 2015 CIP represents the City Council's commitment to maintaining and improving the City's infrastructure to enhance the quality of life in Pasadena. As demonstrated in the body of this letter, the capital program has been carefully crafted to forward the City Council's goals. However, as mentioned earlier, capital needs far exceed available resources. In the coming year, staff will continue to identify the highest project priorities and potential funding options to maximize public benefit and retain our position as a world class city of distinction.

Respectfully Submitted,



MICHAEL J. BECK  
City Manager