



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: July 15, 2008

SUBJECT: Authorize City Manager to Execute Spring Lake Infrastructure Fee Reallocation, Approve PPSS, Approve Plans and Specs, and Authorize Bid Advertisement for Backbone Improvements B-2-1, Project No. 06-11

Report in Brief

City staff is working with the Spring Lake Planning Group on a 'Pay-as-You-Go' initiative for addressing remaining infrastructure requirements under the Spring Lake Specific Plan. This initiative is intended to enhance opportunities and encourage continuing development within the plan area under the currently unfavorable market conditions. Consequently, staff is proposing to accomplish remaining infrastructure requirements in a phased manner that will maximize return on investment in development opportunity while staying within the limits of remaining District funds. Staff proposes a capital project using reallocated district funds to construct backbone infrastructure to include widening Pioneer Avenue from Gibson Ave to Farmers Central Road to a four lane configuration and to construct a new traffic signal at the Pioneer High School entrance. Landscaping and sound walls will be constructed in the future by adjacent developments.

Staff recommends City Council approve advance authorization to the City Manager to execute an agreement with the Spring Lake Planning Group/Developers for reallocation of District funds toward this project; approve the attached Project Programming Summary Sheet (PPSS); approve plans and specifications for the revised Backbone Improvements B-2-1, Project No. 06-11; and grant advanced authority to the City Manager to advertise the project for bid during the August recess as described herein.

Background

The Spring Lake Specific Plan (SLSP) Capital Improvement Plan (CIP) provides for public financing of backbone infrastructure improvements. The third phase of these improvements, Package B-2, includes the extension of roads and utilities valued at over \$12M as identified in the first bond sales Initial Facility Requirement for CFD 2004-1. Package B was originally split into 2 separate CIPs; B-1 (05-13) and B-2 (06-11) to facilitate timing, management and phasing of infrastructure improvements. Packages A and B-1 are nearing construction completion and B-2 is

nearly design complete. The consensus among City staff and the development community who have been participating in discussion since late 2007 is that, under current market conditions, the completion of full Package B-2 improvements as originally planned, scoped and conditioned is overly burdensome to the point that it could discourage or stop continued development pursuits under the plan.

To facilitate development within the Spring Lake Specific Plan, staff and the development community worked for many months on a concept entitled Pay as You Go/IFR Reallocation, which includes modifications to funding and timing of key infrastructure components within the plan area. The concept is intended to identify and fund key infrastructure on a modified phasing schedule to stimulate future development in the plan area while continuing to best serve community needs.

The concept requires reallocation of funds originally designated to cover Initial Facility Requirements (IFR) identified in Backbone Infrastructure Package B-2. The reallocation of the remaining IFR funds requires agreement of all affected parties. Prior to putting this project out to bid, staff will be confirming the agreement of all affected parties. If agreement is not confirmed, the City Manager will not authorize bidding and the project will not be pursued. Key financing sources for the IFR were proceeds of the Special Tax Bonds, property owner contributions, the Spring Lake Infrastructure Fee Program (SLIF) and the City's Major Project Financing Plan (MPFP) fees. At this time, all of the bond proceeds have been expended. Remaining cash available primarily consists of property owner contributions, or IFR shortfall, which was required to cover the difference between the amount that could be bonded and the amount required for necessary initial improvements.

The 2004-1 Spring Lake Community Facilities District initially anticipated IFR infrastructure construction would begin in 2004 and be completed through 2009. Due to unforeseen difficulties, a significant portion of these backbone facilities haven't been completed and costs for work have been higher than originally anticipated in the initial bond. The greater impact to completing work is the economic slowdown which impairs the building community's ability to construct the remaining costly improvements.

Under the Pay-As-You-Go initiative the City has been working with the Spring Lake Planning Group to address this concern by developing a priority list and a plan of action of the remaining needed IFR infrastructure improvements with a focus on what is immediately achievable in the current construction season given the perception of a favorable bidding climate for cost of construction and highest return on investment. This proposed project is resultant determination of what City staff considers practically achievable in the current construction season given all associated requirements and risks. This pursuit would not eliminate any originally planned infrastructure improvements. All remaining improvements would be constructed in the future when the market climate makes it feasible for further financing and development.

Discussion

The design is being prepared by Cunningham Engineering under contract through the Spring Lake Planning Group. Plan checking will be thru a combination of City staff and contract services. Plan

review and project management will be by City staff. The project plans and specifications will be ready for review pending the City Council's approval of staff's recommendation. Issues remaining to be resolved include modifying and packaging the plans for bid advertisement, coordination with PG&E for relocating one pole and obtaining rights of entry from the various affected landowners and the farmers to which they've leased the land for agricultural purposes. Upon approval of plans and specifications, they will be advertised for a minimum of 30 days. After bids are opened, award for construction will be scheduled for the September 16 City Council meeting although this date could slip depending on time required to resolve remaining critical path issues.

An Environmental Impact Report (SCH #94022069, Turn of the Century EIR) on the Spring Lake Specific Plan was certified on August 15, 2000. The project improvements are included in the specific plan wide capital improvement plan and fell within the scope of the EIR.

Fiscal Impact

The total budget authority required for this initiative is \$3.3 million and the engineer's estimate for construction is \$2.4 million. Funding for this project is entirely provided from available Spring Lake Infrastructure Fees in the proportions listed below and there is no impact to the General Fund.

The project is funded according to the following ratios:

Springlake Storm SLIF Fees:	14%
Springlake Streets SLIF Fees:.....	79%
Springlake Water SLIF Fees:.....	6%
Springlake Sewer SLIF Impact Fees:	1%
Total:	100%

Public Contact

Posting of the City Council agenda. A copy of this report has been provided to the Spring Lake Planning Group.

Alternative Courses of Action

1. Approve advance authorization to the City Manager to execute an agreement with the Spring Lake Planning Group/Developers for reallocation of District funds toward this project; approve the attached Project Programming Summary Sheet (PPSS); approve plans and specifications for the revised Backbone Improvements B-2-1, Project No. 06-11; and grant advanced authority to the City Manager to advertise the project for bid during the August recess as described herein.
2. Cease further consideration for reallocation of District funds and do not pursue construction of Backbone improvements as described herein.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Prepared by: Dick Donnelly, P.E.
City Engineer

Reviewed by: Robert MacNichol
Acting Community Development
Director

Reviewed by: Amber D'Amato
Assistant Finance Director

Mark G. Deven
City Manager

Attachment: Revised PPSS, Project #06-11

Engineering

Current Revision:

27-Jun-08

Project Summary

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Revision #	C.C. Date
1	2/20/2007
2	7/15/2008

Project No.: 06-11 Revision #: 2 Project Title: SLSP Backbone Improvements B-2

PM: Karoly, Michael Owner: PW-Engineering

Admin & PM	\$100,000.00	Design	\$100,000.00
Construction	\$2,400,000.00	CM/Insp	\$400,000.00
Other/Contingency	\$300,000.00		
Project Total:			\$3,300,000.00

Project Description:

The Spring Lake Specific Plan (SLSP) Capital Improvement Plan (CIP) provides for public financing of backbone infrastructure improvements. This phase (Package B-2) of these improvements include extension of roads, and utilities necessary to serve this Area. Package B-2 will improve Pioneer Avenue from Gibson Avenue to Farmers Central Road to a 4-lane configuration. The remaining portions of Package B (Pioneer south of Farmers Central Road and Parkland to Heritage Parkway) will be constructed in a future project.

Project Justification:

Project is necessary for serving the new SLSP area.

Project Staging:

Design (Prepare PSE)	07-08	08-09
Construction	08-09	09-10

Fund No.	Fund Name	Program No.	MPFP No.	Total / Partial	Total Amt, \$K	Percent
681	SLIF Storm Fund	0611			462.0	14
682	SLIF Streets Fund	0611			2,607.0	79
684	SLIF Water Fund	0611			198.0	6
685	SLIF Sewer Fund	0611			33.0	1
Project Total:					3,300.0	

Recommended for Submittal

Michael Karoly

Date 6/27/08

Recommended for Approval (~~Dept Head~~)

Dan O'Neil

Date 27 Jun 08

MPFP Approval (Public Works)

NA

Date _____

Finance Department Approval

Kerry Kelly

Date 6-30-08

City Manager Approval

Mark W. Decker

Date 6-30-08