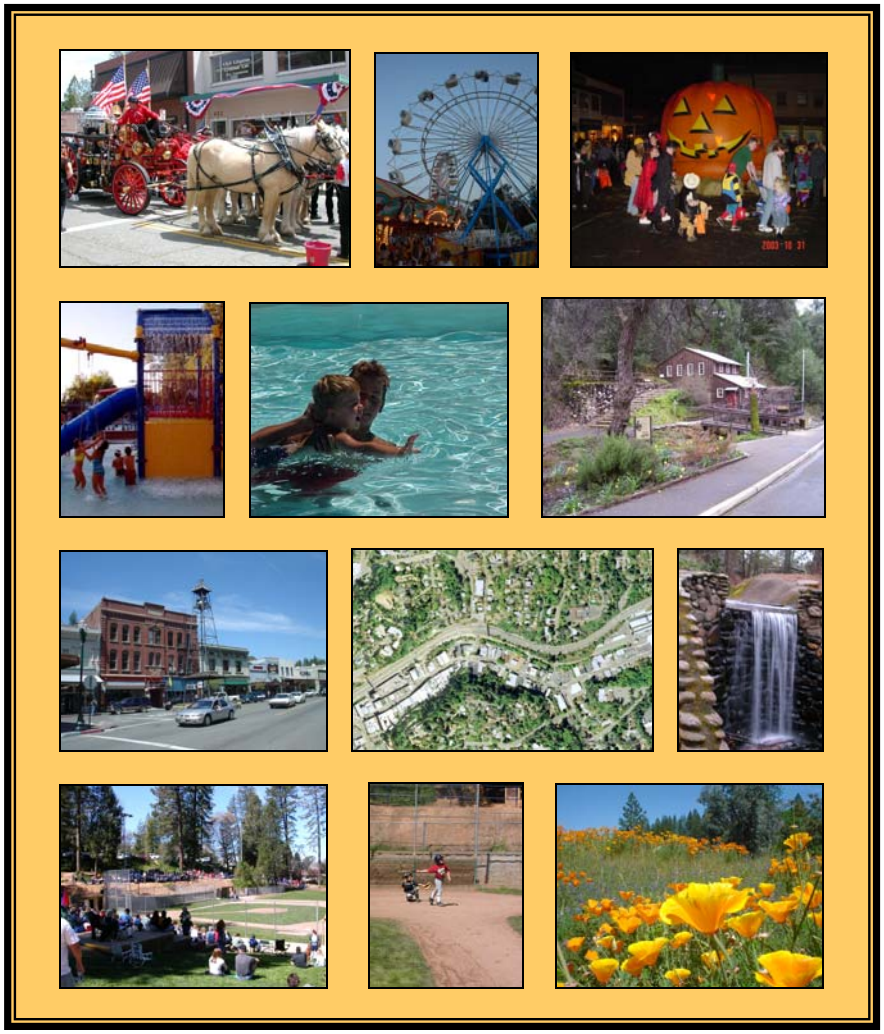
CITY OF PLACERVILLE



PROPOSED
CAPITAL IMPROVEMENT
PROGRAM BUDGET
2008/2009

CAPITAL IMPROVEMENT PROGRAM POLICY

Each year the City faces the challenge of meeting infrastructure and equipment needs with limited financial resources. The Capital Improvement Program Budget is designed to address the large financial investment that is required to maintain and expand public facilities and infrastructure. Ongoing service delivery can be assured only if adequate consideration is given to capital needs including capital asset replacement. If the City were to fail to maintain its capital assets, facilities and infrastructure will deteriorate until costly, constant maintenance is required, service levels are threatened, and community growth stagnates or even declines.

- In contrast to the Operating Budget, the Capital Improvement Program is a multi-year planning document. With respect to capital projects, it sets our goals for the next five years within what we believe to be realistic revenue projections.

- Capital assets are defined as a new or rehabilitated physical asset that is nonrecurring, has a useful life of more than three to five years, and is expensive to purchase. Capital projects are undertaken to acquire a capital asset. Examples of capital projects include construction of public facilities, major street improvements, and the acquisition of large pieces of equipment.

- Each project, shown within this document, indicates the potential funding sources based upon a number of restrictions that are common to local government revenue sources. As an example, we can build roads with gas tax funds and development impact funds, but not with park development funds.

- The funding strategy for the capital improvement program is to use all available restricted funds before general capital improvement funds. This maintains the City's flexibility to fund priority projects without regard to the source of revenues.

- Because of limited resources, the City's strategy during the last several years has been to contribute any carry-over from the prior year's operating budget to the General Capital Improvements Fund. This is the only true source of unrestricted capital improvement funds within the City. With the backlog of street and building maintenance projects, the City's goal is to some day allocate a percentage of sales tax revenues to be used only for capital improvements. This will assure long-term financial health of the City.

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2008/2009 CAPITAL IMPROVEMENT PROGRAM PROJECTS

Placerville Drive Pavement Repair (CIP #40901)

DESCRIPTION:

The existing pavement on Placerville Drive was placed in late 1996. While it is in good condition and holding up well over time, in is in need of maintenance. The purpose of this maintenance is to protect our investment and extend the life of the current pavement. This would involve crack sealing, repairing localized pavement failures and utility boxes, and placing thin rubberized asphalt cape seal overlay the entire length of Placerville Drive. A rubberized cape seal consists of a rubberized asphalt chip seal followed by a conventional type II slurry seal. the end product has excellent crack sealing characteristics, with the clean black appearance and riding surface of a Type II Slurry Seal.

This work is considered periodic work that should take place on a schedule of every seven to ten years. Keeping up with this maintenance extends the pavement life allowing for the City to keep major rehabilitation of the pavement limited to every twenty to forty years. If this maintenance is not performed, the pavement suffers further distress and damage until it reaches a point of failure, thus requiring a major rehabilitation.

COST SUMMARY:

Construction	$330,000
Architecture/Engineering	15,000
Construction Administration, Observation & Materials Testing	10,000
Subtotal	355,000
Contingency	45,000
Total Estimate	$400,000

PROPOSED FUNDING SOURCES:

Proposition 1B funds	$400,000

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

This project will correct a current maintenance deficiency, thus reducing the amount of time that is required to respond to issues related to pavement repair.

ALTERNATIVES:

Do nothing. Unfortunately, pavement if not maintained starts to suffer significant damage from wear and water intrusion into the subbase. If this happens, the amount of patch paving will increase and the ride quality of the roadway will suffer. Repair of the roadway after failure could significantly be much higher in cost, thus greatly increasing the pavement life cost over time.

Annual Street Stripe (CIP #40902)

DESCRIPTION:

This annual program renews the existing striping on approximately one quarter of the City's streets. This program needs to continue on an annual basis due to the traffic safety implications of having the pavement markings fade. The condition of faded striping can lead to various negative consequences for the traveling public and increase liability for the City. For this reason, staff recommends that the Annual Street Striping Program occur regularly and continuously this year and into the future.

COST SUMMARY:

Construction	$20,000
Construction Administration, Observation & Materials Testing	1,000
Subtotal	21,000
Project Management	2,000
Total Estimate	$23,000

PROPOSED FUNDING SOURCES:

Gas Tax Fund	$23,000

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

The Street Striping Program is conducted under contract. For this reason, there is no impact on maintenance and operation costs. The impact of not doing this program correctly and continuously is the increased liability that the City is exposed to by virtue of having faded pavement markings.

ALTERNATIVES:

Staff does not believe that there are any viable alternatives to the program we have presented.

Pardi Lane Waterline Replacement (CIP #40903)

DESCRIPTION:

This project is to replace approximately 200 linear feet of aged and deteriorated 12 inch cast-iron waterline at the City's decommissioned Water Treatment Plant on Pardi Lane, with new 12 inch PVC C900 waterline, and the installation of approximately 700 linear feet of new 12 inch PVC waterline in Big Cut Road between Philips Court and Estey Way. The existing deteriorated and leaking 12 inch waterline that extends cross country between Pardi Lane and Big Cut Road will be disconnected and taken out of service.

The City's Water Treatment Plant was decommissioned in 2004, and a new pipeline was extended from the existing EID point of connection at the old alum pond to the Water Treatment Plant and connected to the existing distribution system that emanated from that point. At that time, it was identified that the existing distribution pipelines were deteriorated and obsolete, and were prone to leaking. At the time of that project, a new capital improvement project was identified to replace a section of the obsolete pipeline. However, the project was deferred to a future date due to limited fund balance available for capital projects in the Water Enterprise Fund. Since that time, the problem with leaking pipes at this location has increased, and City staff has determined that the best course of action at this time would be to completely bypass the existing 12 inch cast-iron waterline that extends cross country from Pardi Lane to Big Cut Road. This project will eliminate an 800 foot long section of deteriorated, leaking inaccessible pipeline and replace it with pipeline located within the public roadway with all appropriate valves, tees, and fittings such that the overall integrity and reliability of the City water distribution system will be improved.

COST SUMMARY:

Construction	$190,000
Architecture/Engineering	30,000
Environmental Document	5,000
Inspection/Testing	10,000
Subtotal	235,000
Contingency	47,000
Total Estimate	$282,000

PROPOSED FUNDING SOURCES:

Water Enterprise Fund	*Deferred for Further Analysis*

Staff is analyzing the City's options related to construction phase-in and financing for the project.

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

The existing pipelines at the project location are aged, deteriorated, leaking, and constructed of obsolete materials that are extremely difficult if not impossible to maintain. The existing system has been leaking for some time and that leaking has increased to the point where perennial wet area has been

created in the yard of an adjoining homeowner. That homeowner has complained to the City repeatedly, and City maintenance crews have done those things possible to correct the leaks and divert any groundwater discharge away from the homeowner's yard.
However, those efforts have been largely ineffective and the homeowner is now demanding that those steps necessary to replace the leaking pipeline.

This project will replace that area of leaking pipeline, eliminate approximately 800 feet of troublesome and inaccessible water pipeline, thereby reducing the overall maintenance and operation costs, and it will eliminate this loss of potable water due to pipeline leaks. By installing 700 feet of new pipeline on Big Cut Road, the overall water distribution system will have enhanced, serviceability and reliability.

ALTERNATIVES:

1. The existing 12 inch cast-iron cross-country pipeline between Pardi Lane and Big Cut Road could be replaced in its existing location. Because this pipeline runs through people's yards and is largely inaccessible, the cost of construction will be increased, and it will be necessary to obtain rights of entry from property owners. Due to these factors, this alternative would have a higher overall cost than the proposed project.

2. Only the 200 foot length of pipeline on Pardi Lane would be replaced , hopefully isolating the source of the current water leaks. While this project would have a lower overall project cost, the existing deteriorated cross-country pipeline would remain in service, and would continue to be a maintenance and operation problem.

3. A do-nothing alternative is not a viable option at this time due to the ongoing complaints from the adjacent homeowner, and the unacceptable loss of potable water due to pipeline leaks.

Bicycle Lockers and Racks (CIP #40904)

DESCRIPTION:

This project will replace the damaged bike lockers once located at the Mosquito Road Park and Ride and provide for the placement of new bike racks at strategic locations around the City of Placerville. The scope of work will focus on the purchase and installation of two metal lockers (76" long X 48" high X 39" wide) with floors and five bike racks to be located along Broadway and Main Street in Placerville.

COST SUMMARY:

Construction	$ 16,000
Engineering	
Construction Administration	
Sub Total	
Project Management	
Contingency	3,200
Total Estimate	$ 19,200

POTENTIAL FUNDING SOURCES:

Article 3 Fund	$ 19,200

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

There is no significant annual maintenance costs associated with this project other than repair caused by occasional vandalism.

ALTERNATIVES:

1. Defer the project.

Facility Fire Code Compliance Project (CIP #40905)

DESCRIPTION:

This project will ensure compliance with fire code regulations throughout the Town Hall and Scout buildings. The Town Hall projects will include replacement of curtain with accordion door located on the Council Chamber stage; exit doors on the 2nd floor will be equipped with panic hardware and placement of additional electrical outlets in administrative offices. The Scout Hall project will include the improvements to the back entrance to the building including installation of panic hardware and changing the direction of door swing arms.

COST SUMMARY:

Construction	$ 500
Supplies	11,000
Subtotal	11,500
Project Management	
Contingency (20%)	2,300
Total Estimate	$13,800

POTENTIAL FUNDING SOURCES:

General Liability Fund	$13,800

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

This project will have minimal financial impact on annual maintenance and operation costs.

ALTERNATIVES:

1. Defer the project.

Lions Park Duplex Lift Station (CIP #40906)

DESCRIPTION:

This project will improve the existing condition relative to the lower bathrooms at Lions Park. Due to an increase in visitors to the park, the existing sewer system can no longer accommodate the amount of use leading to frequent backups. The scope of work will focus on the installation of a duplex lift station and re-connection to the existing sewer line.

COST SUMMARY:

Construction	$22,000
Engineering	
Construction Administration	
Subtotal	22,000
Project Management	
Contingency (20%)	4,400
Total Estimate	$26,400

POTENTIAL FUNDING SOURCES:

Park Development Fund	$26,400

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

The improved sewer system will result in a reduction in full-time staff hours associated with emergency shut-offs, clean-ups, service calls and repairs.

ALTERNATIVES:

1. Defer the project.

Lighting Efficiency Upgrade (CIP #40907)

DESCRIPTION:

This project will replace the older T12 lamps and magnetic ballasts in the Public Safety Building, Town Hall, and the Corporation Yard with T8 lamps and electronic ballasts. The energy savings for these facilities would be 60,000 kWh with a corresponding savings of $9,000 annually. The contractor estimate to provide labor and installation is $6,500 and the Mother Lode Energy Watch will provide the lamps and ballasts at no cost to the City.

COST SUMMARY:

Labor	$ 6,500
Materials (donated)	
Total Estimate	$ 6,500

PROPOSED FUNDING SOURCES:

Motherlode Energy Watch	Materials
Energy Savings	$ 6,500

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

The project will reduce annual maintenance and operational by at least $9,000 which the first year will more than offset the cost of installing the new lamps and ballasts.

ALTERNATIVES:

Staff does not believe that there are any viable alternatives to the program presented.

Water/Sewer FCC and Rate Study (CIP #40908)

DESCRIPTION:

It has been several years since the City has conducted a comprehensive study of its water and waste water Facility Capacity Charges (FCCs). Due to the rising cost of municipal construction projects in recent years and the improvements made to the City's water and waste water infrastructure (e.g., replacement of both water distribution lines and sewer collections lines, the $47 million in improvements to the Water Reclamation Facility, etc.) the City needs to conduct a comprehensive review of its water and waste water FCCs.

In August 2006, the City increased its water rates for the first time since 1994, which essentially addressed the increases in the Water Enterprise Fund's operating costs that had been identified at that time. The 2006 water rate increase was phase I of a two-phase process. Phase II is the development of a multi-year water revenue program that will address the City's present and future capital replacement needs. In October 2005, the City Council adopted an eight-year waste water revenue program which was intended to address the Sewer Enterprise Fund's increased operating costs, general capital replacement needs, relocation of the sewer line along Hangtown Creek (Highway 50 Operation project), and most importantly, the debt services for the improvement project to the Water Reclamation Facility which is currently underway. It is important to periodically review multi-year revenue programs as assumptions built into them may be subject to change.

In developing future long-term financing plans for both the Water Enterprise Fund and the Sewer Enterprise Fund, it is important that the City secure the services of a consultant to perform a study of the City's FCCs in concert with its user rates. This project budget would be used to conduct a comprehensive study of the City's water and waste water FCCs and user rates.

COST SUMMARY:

Consulting Services	$40,000
Architecture/Engineering	
Construction Administration, Observation &	
Materials Testing	
Subtotal	40,000
Project Management	5,000
Contingency	5,000
Total Estimate	$50,000

PROPOSED FUNDING SOURCES:

Water Enterprise Fund	$25,000
Sewer Enterprise Fund	$25,000

IMPACT ON ANNUAL MAINTENANCE AND OPERATION COSTS:

None.

ALTERNATIVES:

1. Do nothing.
2. Defer the project to a future date.

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