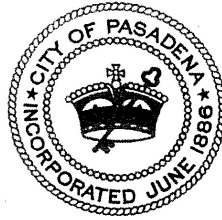


Attachment D – City Manager’s FY 2024 CIP Budget Transmittal Letter



May 8, 2023

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

FROM: Miguel Márquez, City Manager

SUBJECT: Recommended Fiscal Year 2024 to 2028 Capital Improvement Program

Attached is the Recommended Fiscal Year (FY) 2024 to 2028 Capital Improvement Program (CIP) Budget for City Council consideration. The CIP is a compilation of infrastructure and major maintenance projects designed to expand, enhance and/or preserve the foundation of this great City. This five-year CIP contains 206 active projects with a total estimated cost of just over \$1.5 billion. The FY 2024 CIP Budget includes 25 new projects and recommends appropriating about \$289 million to 122 projects. Included in this year’s \$289 million total is \$181.4 million in grant funds awarded to the City for various transportation-related projects. Approximately \$702.6 million in future year appropriations will be required to complete all the active projects included in this year’s CIP.

Investing in the City’s aging infrastructure is a priority and a major financial challenge for the City. Capital projects are primarily funded through restricted local and state revenue sources, long-term debt financing, and pay-as-you go spending from special revenue sources. This recommended CIP utilizes all these funding options. Available funding options for CIP projects are limited, which presents a challenge for some of the larger projects with either a limited funding source or no dedicated funding source. Identifying grant opportunities is one way to bridge this gap.

The FY 2024 to 2028 CIP Budget represents a record year for the City with over \$187.5 million in awarded grant funds to 16 projects. This includes the award of \$181.4 million in Measure R Mobility Improvement Project (MIP) from the Los Angeles County Metropolitan Transportation Authority (Metro). Received in-lieu of the California Boulevard Grade Separation project, this funding is being appropriated to nine multi-modal mobility improvement projects along the 710 corridor. These projects advance the City’s goal of improving safety for pedestrians and bicyclists by reducing auto speeds; enhancing efficiency to

accommodate regional and local travel demands; enduring the impact of regional traffic diverted to local residential streets from adjacent freeways; and working towards encouraging multi-modal travel through the City.

Although the \$289 million being appropriated to this year's CIP budget is impressive, the Future Projects section of the CIP document, in conjunction with the unfunded amounts on the active projects list, identifies a \$1.1 billion future need. While there is a five-year plan for funding approximately \$445 million of this need, approximately \$654 million still needs to be identified. Some of the more significant unfunded needs include renovations and improvements from resurfacing and/or reconstruction of City streets, capital improvements to our fire stations, the seismic retrofit of multiple bridges, and the replacement of obsolete high-voltage street lighting systems.

The need for additional funding for street resurfacing is a particularly critical issue. While this budget contains a recommended appropriation of approximately \$5 million towards resurfacing streets, the amount is not sufficient for preventing further deterioration of their overall condition. At a certain point, streets deteriorate to the level where more costly reconstruction will be required, which typically cost five times more than resurfacing. New and additional funding must be identified if the City is to address its large backlog of street repaving and repairs and other unfunded infrastructure improvements.

Despite the fiscal challenges listed above, the workplan is funded in a way that maximizes appropriations for some of the City's ongoing infrastructure maintenance projects. As part of the FY 2024 to 2028 CIP Budget, approximately \$8.9 million has been identified to fund several annual programs to maintain and improve city streets, sidewalks, curb ramps, street lighting, guard rails, bridges, storm drains and sewer relining, as well as to enhance bicycle, pedestrian, and complete street programs. Ongoing funding for these types of projects ensures the City will continue to address infrastructure repair issues as they arise and provide for safe passage for pedestrians and bicyclists in Pasadena.

Other infrastructure projects in the CIP Budget address critical needs related to current and future environmental considerations. The heavy rainfall during winter 2023, along with the ongoing drought conditions of the last several years, serve as reminders of the importance of maintaining our sewer system, improving our storm drains, and building better infrastructure for the treatment and repurposing of stormwater. Several projects in the FY 2024 to 2028 CIP Budget address these needs, including three new projects that provide for stormwater capture at Kinneloa Yard and Brookside Park, and to make improvements to the East Side Storm Drain Channel. In addition, \$1 million is appropriated in the FY 2024 budget to fund annual projects dedicated to sewer system improvements and capacity and storm drain repair. Funding these projects will ensure the continuation of the important work of systematic assessment and repair of hundreds of miles of pipes, culverts, and catch basins throughout the City.

The growth and maintenance of water and electric infrastructure is yet another important and prominent part of the CIP Budget. This infrastructure is an important contributor to the City's economic stability, public safety, and public health.

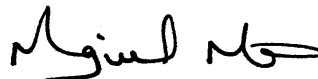
Adopted in FY 2022, the Water System and Resources Plan establishes the priorities and resource commitments for implementation of new operations and management strategies that promote sustainability, consistent with State directives. Priorities and projects in FY 2024 include improved treatment of local water supplies and investments in the replacement of aging wells, booster stations, distribution lines, and water storage facilities. Additional projects include technology investments in advanced metering infrastructure and in a computerized maintenance management system.

Capital outlay for Electric System infrastructure in FY 2024 focuses on investments in the expansion and strengthening of existing facilities. Adopted in 2022, the Power Delivery Master Plan guides the modernization and upgrade of the City's Power Distribution System. Modernization of critical local generation facilities is essential to ensure that reliability and capacity requirements are met. Improvements to and replacement of overhead and underground distribution assets will strengthen service delivery dependability. Investments in electric vehicle charging infrastructure and related support programs, advanced metering infrastructure, and a computerized maintenance management system will continue. Underground Surtax revenues will continue to be used for the construction and repair of new and existing underground electric distribution and fiber optic communications systems during the year.

Lastly, the recommended CIP budget allocated approximately \$1.9 million to enhance green space and recreation via local parks. Six new projects are included in the FY 2024 to 2028 CIP Budget, providing for improved athletic fields, critical shade for playground structures, and important repairs to park facilities. City residents can also enjoy the new Lamanda Park Library Pocket Park; the newly constructed community house and restroom at Washington Park; the renovated pool and pool building at Robinson Park; and the disc golf improvements at Hahamongna Watershed Park, all of which were CIP projects completed during FY 2023. Our thriving community of pickleball players will be excited to know that Phase I construction of Viña Vieja Pickleball Courts is scheduled for completion in FY 2024, further expanding citywide court access for this popular sport.

The FY 2024 to 2028 Capital Improvement Program maintains and improves the City's infrastructure to enhance the quality of life in Pasadena. It is a testament to the City's continuous effort to improve how our City does business to assure that Pasadena continues to be a world class city.

Respectfully Submitted,



MIGUEL MÁRQUEZ
City Manager