



May 6, 2024

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

**FROM:** Miguel Marquez, City Manager

**SUBJECT:** Recommended Fiscal Year 2025 to 2029 Capital Improvement Program

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It is my privilege to submit the Recommended Fiscal Year 2025 to 2029 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. This five-year CIP contains 214 active projects with a total estimated cost of \$2.0 billion. The FY 2025 CIP Budget contains 22 new projects and recommends appropriating approximately \$145 million to 118 projects.

Addressing major deferred maintenance and upgrades of aging infrastructure is one of the City’s top priorities and biggest financial challenges. The \$145 million recommended appropriation this year represents a major investment by 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. Because the funding options available for CIP projects are limited, 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. Approximately \$1.1 billion in future year appropriations will be required to complete all active projects included in this year’s Capital Improvement Program. Securing grant funding is one way to meet this budget shortfall.

Included in this year’s \$145 million total is \$19.3 million in grant funds to various street improvements, transportation, parks, and technology projects. This includes the award of a \$5 million Metro Zero-Emission Grant, \$1.7 million in MTA Multi-Year Subregional Program, and \$1.1 million in Metro Enhanced Mobility of People with Disabilities Grant funding to two active transportation projects. This funding will be used towards the purchase of fifteen replacement renewable natural gas standard buses and purchase of nine expansion zero-emission vehicles used for the City’s fixed route transit system and Dial-A-Ride program. These projects will support the implementation of the City’s Adopted Zero-Emission Bus Rollout Plan.

Although the \$145 million recommended appropriation to this year demonstrates a commitment to maintenance and improvements to the City's infrastructure, the Future Projects section of the CIP document, in conjunction with the unfunded amounts on the active project list, identifies a \$1.5 billion future need. While there is a five-year plan for funding approximately \$691 million, approximately \$851 million still needs to be identified. Some of the more significant unfunded needs include the Central Library seismic retrofit and renovations, renovations and improvements from resurfacing and/or reconstruction of City streets, Sunset Reservoir, seismic bridge retrofit, replacement of obsolete high voltage street lighting systems, fire station upgrades, Citywide Park playground shade structures, and Citywide complete streets development.

Despite the fiscal challenges listed above, staff has funded the workplan in a way to maximize appropriations. As part of the FY 2025 – 2029 CIP Budget, approximately \$16.4 million has been identified to fund a number of annual programs to maintain and improve city streets, sidewalks curb ramps, street lighting, guardrails, bridges, storm drains and sewer relining.

The City recognizes the need to fund annual street resurfacing projects. As part of the FY 2025 – 2029 CIP Budget, \$10.2 million has been identified to fund the *Annual Citywide Street Resurfacing and ADA Improvement Program FY 2025*. This project is funded by \$1.4 million in Gas Tax, \$3.6 million in Road Maintenance and Rehabilitation SB1, \$700 thousand in Sewer Fund, and a one-time appropriation of \$4.5 million in General Fund. This annual program will address systematic resurfacing as prioritized by the City's Pavement Management Program established in FY 2019. Although this budget contains \$10.2 million recommended appropriation, the amount is only sufficient to prevent further deterioration. If streets continue to deteriorate, reconstruction will cost five times more than resurfacing. To keep up with deterioration of their overall condition, approximately \$11 million needs to be appropriated to this program annually. Additional funding must be identified to address the City's large backlog of unfunded infrastructure replacements and improvements.

The FY 2025 CIP Budget continues to be a critical year for investment in Pasadena's water system infrastructure. The water system infrastructure is an important contributor to the City's economic stability, public safety, and public health, and ensures adequate production of local water supply and reliable distribution of water under current and future conditions. The City's Water System and Resources Plan establishes the priorities and resource commitments for implementation of new operations and management strategies that provide focus on local resources to promote sustainability, consistent with State directives. Priorities and projects in FY 2025 include plans for further replenishment of the groundwater basin, investments in replacement of aging wells, booster stations, distribution lines, and water storage facilities.

Capital outlay for Electric System infrastructure in FY 2025 focuses on investments in expansion and strengthening of existing facilities. 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 and replacement of distribution assets will strengthen service delivery dependability, which remains a high priority for the Department. The Department continues to use Underground Surtax revenues for the construction and

repair of new and existing underground electric distribution and fiber optic communications systems during the year. Investments in electric vehicle charging infrastructure, advanced metering infrastructure, and a computerized maintenance management system will continue.

The fiscal year 2025 – 2029 Capital Improvement Program represents the City Council's commitment to maintaining and improving the City's infrastructure to preserve the quality of life in Pasadena. It is a testament to the City's continuous effort to improve the way city government does business and to assure that Pasadena continues to be a world class city.

Respectfully Submitted,



MIGUEL MÁRQUEZ  
City Manager