



## **CITY COUNCIL AGENDA REPORT**

**MEETING DATE:** 9/1/2020

**DEPARTMENT:** Public Works

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### **SUBJECT:**

**2019-21 CAPITAL IMPROVEMENT PROJECTS MID-CYCLE UPDATE AND BUDGET AMENDMENT**

### **RECOMMENDED ACTION(S):**

1. Approve an amendment to the 2019-21 Capital Improvement Projects Budget to add five new capital projects and adjust the budget of six existing projects, three from FY 2019/20 and three from FY 2020/21.
  2. Adopt a resolution entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, AMENDING THE CAPITAL IMPROVEMENT PROJECTS BUDGET FOR 2019-21
  3. Approve Carryover of \$53,238 in revenues.
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### **EXECUTIVE SUMMARY:**

The City is approximately mid-way through the 2019-2021 Capital Improvement Program ("CIP") comprised of 48 capital projects. The City is also working on ongoing projects from previous CIPs. Project tracking reflects 56 active projects, seven projects in the planning phase, 22 projects in design, 13 projects out for bidding/construction, and 14 completed projects. This report reviews and recommend updates to the current CIP.

Staff recommends that the City Council adopt a resolution amending the CIP Budget for 2019-2021 to add five new capital projects and adjust the budget of six existing projects. Proposed budget adjustments would increase the total CIP budget appropriations by approximately \$942,980. Additionally, pursuant to the Carryover Policy, staff is also recommending the City Council approve proposed carryover appropriations of \$16,301,009 and revenues of \$53,238.

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## **BACKGROUND:**

The City utilizes a two-year budget cycle for capital projects, as compared to the City's annual budget for operating expenses. The purpose of this mid-cycle review for the current 2019-2021 CIP Budget is to provide the City Council with a summary of completed projects from the first year of the two-year CIP as well as an overview of approved capital improvement projects through June 30, 2021. The review provides a basis for determining potential amendments to ensure completion of capital projects.

The current 2019-2021 CIP Budget is comprised of 48 projects including:

- 7 street projects
- 12 traffic improvement projects
- 26 park projects
- 3 environmental projects.

The City Council also authorized staff to carryover eight additional projects from the previous CIP, totaling 56 projects. The City completed 14 of these projects, notably Civic Center Campus, Neighborhood Park Renovations at Peachwood Park, the Raised Median Improvement project, Shade Structures at El Toro and Pittsford Parks, and the 2019 Citywide Roadway Improvement Project.

The City uses carryover appropriations and revenues to provide more accurate tracking of individual project budgets and grants. Carryovers bring unspent, or unreceived balances forward into the new fiscal year; thereby, retaining the integrity of the originally budgeted amounts for items spanning more than one year, much like a check book balance. In June 2008, the City Council approved a Carryover Policy ("Policy") governing carryovers which requires certain items to be considered separately from others falling within its parameters. For the City Council's reference, staff is providing a copy of the Policy (Attachment 1).

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## **DISCUSSION:**

The Mid-Cycle CIP review is intended to provide information about proposed changes to the CIP; therefore, this staff report contains three main areas of review and proposed action:

1. Carryover projects from FY 2019/20
2. Proposed five new Capital Project Appropriations
3. Proposed six adjustments to Current Capital Project Appropriations

It is important to note that staff is proposing adjustments to only the projects below. All other projects in the adopted CIP are not recommended for further adjustment at this time.

## **Carryover Projects**

As the City has paid all invoices related to FY 2019-20 received or recorded revenues, staff is able to ascertain the remaining balance in each expense account more definitively. The carryover items noted in this staff report have not been included in the FY 2020-21 portion of the 2019-2021 Capital Improvement Projects' Budget. The net effect of the recommended action is inclusion of the identified projects and other items in the budget at the carryover level.

### Carryover Revenues

Requests for carryover revenues total \$53,238 and all proposed items are ongoing grants or reimbursement revenues related to capital projects as of June 30, 2020. Revenues on the attached list fall within the policy for carryover eligibility (Attachment 2).

### Carryover Appropriations

Proposed carryover appropriations total \$16,301,009. A list showing all carryover projects greater than \$100,000 is provided in (Attachment 3). This list represents 96% of the total carryover amounts requested. A comprehensive list including each individual proposed carryover is provided in a separate attachment for the City Council's reference (Attachment 4). Some of these items represent capital projects approved in previous CIP Budgets. Certain capital projects had not yet started construction as of June 30, 2020, and others remain partially completed. The Street Repaving and Slurry Seal Projects, Neighborhood Park Renovation Projects and the Bake Parkway/Irvine Boulevard/Trabuco Rd Modification Project are the largest carryover items at \$3.13, \$3.13, and \$1.65 million, respectively. The available carryover for I-5 Interchange Sign Improvements project was \$363,561. However, staff is recommending a carryover of only \$6,000 to reflect the project modification detailed later in this report. All appropriations recommended for carryover fall within the adopted Policy.

### Carryovers for Separate Consideration Pursuant to the Policy

Pursuant to the Policy, the City Council is required to consider certain revenues and expenditures separately. In most cases, these items consist of projects that the City carried over more than one year and are not in the design phase. There are no carryovers for separate consideration pursuant to the Policy for FY 2019-20.

## **Proposed New Capital Project Appropriations**

### **Traffic Improvements – Bake Parkway / Baffin Bay Intersection and Bake Parkway / Toledo Way Intersection**

The Development Agreement for the former Nakase Nursery site included funding to improve two intersections. Pursuant to City Council direction to “fast track” traffic improvements whenever possible, adding this project would start the design process with the intention of having both designs “shelf ready” for construction when the City receives the developer contribution. The design phase would study potential traffic improvements and prepare construction documents for the Bake Parkway/Baffin Bay intersection and for the Bake Parkway/Toledo Way intersection. The Bake Parkway/Toledo Way intersection would include widening Bake Parkway and Toledo Way to create dual left turns in the three of the four directions.

The total project cost, including design, construction, inspection, construction support, and contingency is estimated at \$2.5 million which would be funded through the developer contribution. The design costs, estimated at \$25,000 for Bake Parkway/Baffin Bay and \$225,000 for Bake Parkway/Toledo Way, would be reimbursed when the contributions are paid.

### **Traffic Improvements – Traffic Signal Synchronization Program**

Orange County Transportation Authority (“OCTA”) anticipates approximately \$8 million in M2 funds will be made available through the Regional Traffic Signal Synchronization Program (“TSSP”) in 2021 and has issued a call for projects. For the City to apply for grant funding under this program, projects must be listed in the City’s Capital Improvement Program. Staff recommends adding the three projects listed below to the current 2019-2021 CIP to be eligible for grant funding. The projects would be listed as unfunded (pending grant funding). Should the City receive an OCTA grant, staff would return to Council to request matching funds for the project.

#### ***Traffic Signal Synchronization – Portola/Santa Margarita***

The Portola/Santa Margarita TSSP project would update traffic signal coordination timing and communication, in addition to other traffic signal hardware for the traffic signals on Portola/Santa Margarita from Lake Forest, through Mission Viejo to Rancho Santa Margarita.

The City has 11 traffic signals on this corridor and the total estimated project cost for this signal is \$825,000. Should the City receive the grant funding, OCTA would pay 80% of the costs and the cities of Lake Forest,

Mission Viejo, and Rancho Santa Margarita would pay the remaining 20% for the signals in their respective jurisdictions.

#### *Traffic Signal Synchronization Program – Alton Parkway*

The Alton TSSP project would update traffic signal coordination timing and communication, in addition to other traffic signal hardware for the traffic signals on Alton from Irvine to Lake Forest.

The City has eight traffic signals on this corridor and the total estimated project cost for this signal is \$600,000. Should the City receive the grant funding, OCTA would pay 80% of the costs and the cities of Lake Forest and Irvine would pay the remaining 20% for the signals in their respective jurisdictions.

#### *Traffic Signal Synchronization Program – Rockfield Boulevard*

The Rockfield TSSP project would update traffic signal coordination timing and communication, in addition to other traffic signal hardware for the traffic signals on Rockfield from Irvine to Lake Forest.

The City has nine traffic signals on this corridor and the total estimated project cost for this signal is \$675,000. Should the City receive the grant funding, OCTA would pay 80% of the costs and the cities of Lake Forest and Irvine would pay the remaining 20% for the signals in their respective jurisdictions.

### **Proposed Adjustments to Current Capital Projects Appropriations**

#### Arbor Mini Park Renovations

The initial scope of this project included development of preliminary designs for the Arbors, located at the easterly corners of the intersection of Rockfield and El Toro Road. The City contracted with RJM Design Group (“RJM”) to develop preliminary designs for the project that included installation of security fencing, removal of existing concrete walkways to promote water infiltration, installation of new drought friendly plantings, and replacing existing turf areas with decomposed granite which would make space available for local businesses to utilize the Arbors. After RJM developed and presented the preliminary designs, the City sought public input regarding the proposed renovations at the Arbors from the residents of Lake Forest through an on-line survey and virtual town hall. Residents overwhelmingly supported the proposed renovations and the proposal to allow adjacent businesses to use the Arbors as outdoor space.

As a result, staff contacted both property management companies, and the two adjacent restaurants regarding use of the Arbors. To date, Brū Grill & Market has been the only business to express interest. The owners of Brū Grill & Market prepared a proposal for leasing the Arbors space adjacent to their restaurant (Attachment 5). Staff is continuing to explore the option of leasing this portion of the Arbors with the owners of Brū Grill & Market.

The FY 2019-20 appropriation of \$30,000 addresses additional work performed to develop the preliminary designs and solicit public input. The FY 2020-21 additional appropriation of \$306,481 is for the estimated total project cost, including final design, construction, inspection, construction support, and contingency to construct the proposed renovations at the Arbors.

#### Civic Center / Commercentre Traffic Signal Project

This additional appropriation is for the purchase of a traffic signal controller cabinet needed to operate the intersection. The original project was designed by the Serrano Summit developer and called for the City to purchase the controller cabinet separately from the construction plans. The additional appropriation amount for the traffic signal cabinet is \$95,599.

#### El Toro Raised Median Project

The City Council budgeted this project for FY 2020-21; however, the project consultant inadvertently started work on the project early and invoiced the City prior to the start of the fiscal year. The appropriation, totaling \$900, is for the work that occurred prior to the FY 2020-21.

#### Sports Complex Paver Replacement Project

The existing project will replace damaged stonework in the two driveway areas at the Lake Forest Sports Park. The proposed additional funds would comprehensively replace stonework at the driveway locations with colored stamped concrete to minimize maintenance costs and potential liabilities. The project would also replace sidewalk stained with iron that leached from the natural stone to improve the aesthetics of the area. The estimated total project cost, including design, construction, inspection, construction support, and contingency is estimated at \$210,000.

#### Santiago Canyon Road Safety Improvement Project

The existing project was funded based on preliminary estimates of \$150,000 from the County of Orange, who is the lead agency for the project. In September 2019, Council approved a cooperative agreement that identified an increased cost estimate for the project of \$220,000 plus contingency based on the final

design and directed staff to include the additional funding request at the mid-cycle CIP process.

## **Staff Recommendations to Current Capital Projects**

### **I-5 Interchange Signs**

Due to the financial impacts of the Pandemic, the City Council has emphasized its direction that staff remain diligent in identifying potential cost savings in its operations and capital projects. For reasons outlined below, staff is recommending the I-5 Interchange Sign project be significantly modified.

The purpose of this project is to indicate I-5 freeway on-ramp locations at El Toro Road and Lake Forest Drive to drivers (i.e., which lane(s) leads to the onramp). The project includes new overhead signs which provide clear and visible direction to drivers with the intent to reduce weaving and other maneuvers. In addition to the design of new overhead signs, the City installed painted medallions on both El Toro Road and Lake Forest Drive to designate the proper lanes to access freeway on-ramps. Since the installation, staff noticed a decrease in the amount of weaving traffic in these areas due to the new painted medallions.

Staff conducted an observation regarding the effectiveness of the painted medallions' ability to provide clear and visible direction to motorists and potential reduction on weaving and unexpected maneuvers. The observation included review of 24-hour video recordings as well as in person field review by staff. Staff observed that the majority of motorists are in the appropriate lanes to enter the I-5 freeway on-ramps, implying that the painted medallions are positively affecting traffic in these areas. It is important to note that staff completed the observations during COVID-19 conditions. Staff will continue to monitor the traffic flow as traffic patterns start to normalize. If during the monitoring staff determines there is a need for enhancements, then additional striping and roadside signs could be implemented in the future.

As a part of the design for the overhead signs, the consultant produced a visual rendering of the signs. Upon review, staff noted concerns about the visual impact these large, eight-foot-tall signs may have on the area, as well as the anticipated expense of \$350,000 to construct. Additionally, during one of the quarterly CIP updates with the Planning Commission, the Commission expressed concerns about the visual impact these signs could have. The painted medallions cost approximately \$5,000 and appear to be working well to reduce weaving. Additionally, the City received positive comments regarding use of the medallions. Moreover, CalTrans noticed the medallions and asked the City for the template to implement a similar medallion installation on State freeways.

As previously mentioned, the City Council asked staff to look for ways to save money without reducing services during FY 2020-21 budgeting process. To that effect, staff recommends replacing the installation of the overhead sign portion of the project with painted medallions, resulting in a projected savings of \$350,000. To effectuate the savings of \$350,000, the attached Resolution does not carry over the remaining funds for this project. Pending City Council approval, staff would continue to monitor this area, and the City could add additional signage in the future.

#### Slurry Seal Zone C and G, Park Parking lot resurfacing

Earlier this year, the City Council directed the delay of the FY 2019-20 Residential Slurry Seal project (Zone C), due to the COVID-19 stay at home order from the State. With COVID-19 restrictions being lifted, staff is preparing to advertise for this project. Staff recommends combining the FY 2019-20 slurry seal project (Zone C) with the FY 2020-21 slurry seal project (Zone G), and the City Park Parking Lot Resurfacing project to take advantage of economies of scale by bidding these projects together.

#### Neighborhood Park Renovations Program

Earlier this year, the City delayed the Neighborhood Park Renovations program due to the State's COVID-19 stay at home order. In June 2020, the City Council awarded the construction contract for Cherry Park and provided direction to move forward with the remaining Neighborhood Park Renovations program. Staff is planning to advertise Phase 2B (Darrin Montbury, and Pebble Creek Parks) this month, Phase 3A (Vintage and Sundowner Parks) in early 2021, and Phase 3B (Regency, Rancho Serrano, and Borrego Overlook) in Spring 2021.

#### Summary

The table below summarizes the amounts and the proposed funding sources for the new and existing capital projects:



*Table 1: New and Existing Capital Projects Funding*

<b>Projects - Additions</b>	<b>Fund</b>	<b>Amount</b>
<b>Traffic Improvements – Bake Parkway/Baffin Bay Intersection</b>	CIP Fund (Developer Contributions from Toll Brothers DA)	\$25,000 Design Only
<b>Traffic Improvements – Bake Parkway /Toledo Way Intersection</b>	CIP Fund (Traffic Impact Fees from Toll Brothers DA)	\$225,000 Design Only
<b>Traffic Signal Synchronization Program – Portola/Santa Margarita</b>	Add Project to CIP for Grant Application – Subject to Grant Approval	\$0
<b>Traffic Signal Synchronization Program – Alton</b>	Add Project to CIP for Grant Application – Subject to Grant Approval	\$0
<b>Traffic Signal Synchronization Program – Rockfield</b>	Add Project to CIP for Grant Application – Subject to Grant Approval	\$0
<b>Projects – Adjustments FY 2019/20</b>	<b>Fund</b>	<b>Amount</b>
<b>Arbor Mini Park Renovations</b>	CIP Fund	\$30,000
<b>Civic Center/Commercentre Traffic Signal</b>	OSA Fund	\$95,599
<b>El Toro Raised Medians</b>	FCPP Fund	\$900
<b>Projects – Adjustments FY 2020/21</b>	<b>Fund</b>	<b>Amount</b>
<b>Arbor Mini Park Renovations</b>	Park Fund	\$306,481
<b>Sports Complex Paver Replacement Project</b>	CIP Fund	\$160,000
<b>Santiago Canyon Road Safety Improvement Project</b>	Gas Tax	\$100,000
<i>Total Appropriations</i>		\$942,980

The attached resolution adopts the expenditure amendments adjustments and new appropriations, as discussed above to the CIP budget (Attachment 6). The resolution also provides that the City Manager is authorized to transfer

appropriations within and between departments/projects provided that there is no net increase in the total appropriation. The City Council shall be advised in writing of any transfers in advance of the transfers. Staff recommends approving an amendment to the 2019-2021 CIP Budget and the attached resolution.

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#### **FISCAL IMPACT:**

Sufficient funds are available in existing fund balances in the indicated funds.

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#### **ATTACHMENTS:**

1. Carryover Policy
2. Carryover Revenues
3. Carryover Appropriations Over \$100,000
4. Carryover Appropriations
5. Arbors Proposal submitted by Brū Grill & Market Owners
6. Resolution No. 2020-XX

Initiated By: Douglas Erdman, Engineering Services Mngr - Asst. City Eng.  
Submitted By: Thomas Wheeler, P.E., Director of Public Works/City Engineer  
Approved By: Debra Rose, City Manager