

**CITY OF BOULDER
PARKS AND RECREATION ADVISORY BOARD AGENDA ITEM**

MEETING DATE: February 23, 2015

| |
|--|
| AGENDA TITLE: 2016-2021 Capital Improvement Program (CIP) |
|--|

| |
|--------------------|
| PRESENTERS: |
|--------------------|

| |
|--|
| Jeff Dillon, Interim Director, Parks and Recreation Yvette Bowden, Deputy Director Abbie Poniatowski, Senior Business Manager Jeff Haley, Planning Manger |
|--|

EXECUTIVE SUMMARY

The purpose of this agenda item is for the Parks and Recreation Department (department) to communicate its proposed 2016-2021 Capital Improvement Program (CIP) projects. At this time, the Parks and Recreation Advisory Board (PRAB) will have an opportunity to ask questions and provide comments on the draft CIP. The PRAB input is essential throughout the capital budget process, as PRAB's role is to provide a formal recommendation of the CIP, including approval of the Permanent Parks and Recreation Fund appropriation. All capital projects are included for information, regardless of funding source, to ensure the PRAB has an understanding of the department's comprehensive capital investment plan.

IMPACTS

Fiscal: \$3,770,000 million. This amount reflects the total uses of funds projected for 2016 in the, Lottery, .25 Cent Sales Tax, and Permanent Parks and Recreation Funds.

PUBLIC FEEDBACK

A PRAB public hearing is scheduled March 23, 2015. At that time, the public will have the opportunity to comment on the proposed 2016-2021 CIP. The public will also have an opportunity to comment during the Planning Board's CIP review in July and City Council's discussions and review of the 2016 recommended budget during future public hearings.

BACKGROUND

Capital Projects

CIP projects are defined as any major project with a cost greater than \$50,000 for purchase or construction, or major replacement of physical assets. CIP projects are potentially subject to a Community and Environmental Assessment Process (CEAP) review that evaluates any potential environmental, traffic or social impacts to city

residents, neighborhoods and businesses.

Capital Funding

The department's capital funding comes from various sources where the department either manages the fund or a portion of an appropriation in the fund. The funds include the Permanent Parks and Recreation Fund, .25 Cent Sales Tax Fund, Lottery Fund, Capital Development Fund, and Boulder Junction Improvement Fund. These funding sources all have limitations on what can be spent from the specific fund.

In November 2012, voters approved the extension of the .25 Cent Sales Tax Fund through 2035. At the end of this year the department will retire debt from bonds issued on these funds that will total approximately \$2.2 million per year and will be available to augment capital repairs and maintenance, enhance Operations and Maintenance (O&M) services and/or shift program services and are available on an annual basis through 2035.

As part of the annual budget process, the city's Finance Department provides projections for taxes and conservation trust fund allocations at the end of April for 2016 budget development. Staff will provide updates on any impacts of these projections as part of the Budget Update item planned at the May business meeting.

CIP Process

The budget is the means by which the city manages its assets and implements projects and programs that are chosen by its residents through their elected representatives, City Council. The department budget is formulated within the context of the department's Master Plan that was adopted by the PRAB and accepted by City Council in February 2014. The CIP is developed in support of achieving the Master Plan goals, strategies and action items that guide future capital investment. The annual CIP process can be divided into three parts: Planning, Project Review, and Board Review/City Council Adoption. The responsibility for coordinating the process citywide is shared by the Department of Community Planning and Sustainability and the Finance Department.

1. Planning

The first phase of the process identifies and prioritizes the needs of the community. This is done by applying Boulder's Sustainability Framework to ensure that the CIP aligns with and advances the wide range of goals and priorities of the City Council and community. The seven categories of the Sustainability Framework build upon the Boulder Valley Comprehensive Plan (BVCP) and the city's Priority Based Budgeting (PBB) approach: two key initiatives that define long-term community goals and priorities. Both the BVCP and PBB were developed from extensive community input processes and are used to guide long-term decision making as well as the city's annual budget process.

The Sustainability Framework ensures that subcommunity and area plans and departmental master plans are aligned with the CIP. Subcommunity and area plans provide more detailed planning for land use, urban design, neighborhood revitalization, and public facility needs for a specific area of the city. Departmental master plans include

details about and funding plans for future needs related to services and facilities. The master plans are used by each department during their decision making and prioritization as part of the annual budgeting and CIP processes.

Figure 1-3 illustrates the relationship between the Sustainability Framework, BVCP, PBB, Subcommunity and Area Plans, Master Plans and the CIP.



2. Project Review

The second phase engages each department proposing projects for the CIP in a citywide review process. Proposed projects are reviewed by the CIP Peer Review Team (PRT). After the PRT’s review of projects, the city’s Executive Budget Team also reviews the project information and provides feedback to departments before departments propose projects for inclusion in the draft CIP.

3. Board Review and City Council Adoption

Once again this year, staff is providing the PRAB with a “three touch” approach to include 1) discussion item that was presented at the January 26th meeting communicating process, policies and procedures and definitions/criteria that guide the CIP development and an overview of the Capital Investment Strategy; 2) a discussion item presented at the February 23rd business meeting to review draft projects and prioritization as it relates to the 2016–2021 CIP; and 3) a PRAB Public Hearing to be held on March 23rd to consider motions approving and recommending the 2016–2021 department’s CIP.

City CIP Guiding Principles

The city develops a CIP that addresses the ongoing major business needs and maintenance and repair of city assets as well as enhancements and expansion called for in the BVCP. The CIP is a strategic document that assures that the municipal organization maintains a strong bond rating, implements community values, and has fiscal integrity. The city prioritizes investments both across and within funds based on the following guiding principles:

1. Capital improvements should be consistent with and implement council accepted master plans and strategic plans.
2. Capital improvements should achieve Community Sustainability Goals:
 - a. Environmental – sustainable materials, construction practices and renewable resources.

- b. Social – enhancements that improve accessibility to city services and resources provided to the community.
 - c. Economic – effective and efficient use of public funds across the community.
- 3. As potential capital investments are identified, the city must demonstrate in the CIP process that there are sufficient funds to operate and maintain the project or program.
- 4. Capital improvements should provide enough capacity and flexibility in long-term planning to be able to respond to emerging, unanticipated needs.
- 5. Capital improvements should maintain and enhance the supporting city-wide “business systems”, such as information and finance systems, for the city over the long term.
- 6. Capital improvements should sustain or improve maintenance of existing assets before investing in new assets.
- 7. Capital improvements should:
 - a. Meet legal mandates from federal, state, or city levels;
 - b. Maintain or improve public safety and security;
 - c. Leverage external investments;
 - d. Promote community partnerships; and
 - e. Reduce operating costs and improve efficiency.
- 8. Capital programming should maximize efficiency of investments demonstrated by measurable cost/benefit analyses and coordination of projects across departments within and across funds.
- 9. Capital improvements should provide sufficient reserves to allow for a sound fiscal foundation with benefits that include:
 - a. A strong bond rating; and
 - b. The ability to address emergencies and natural disasters.

The Department’s Guiding Principles

In order to plan and prioritize capital investments for the department, staff apply specific guiding principles based on the city’s CIP Guiding Principles and the department’s master plan goals. The following departmental framework is also utilized to determine and plan CIP projects and make budget decisions that are sustainable over time. These priorities are also focused on maintaining the integrity of the current infrastructure and facilities before expanding and/or enhancing programs and facilities.

- 1. Safety / Compliance (S) – Projects represent important deficiencies and are essential safety and compliance concerns. Project may include ongoing infrastructure repairs, replacements and/or refurbishments of park play equipment and amenities, irrigation systems, landscape and turf upgrades and facility improvements. Compliance considerations also include meeting local, state and federal requirements that are required to be completed to comply with specific regulations, such as the city’s ‘dark sky’ lighting ordinance and the Americans With Disabilities Act (ADA).
- 2. Commitment (C) – Projects that are required by law/ballot (e.g., Elks Park), are in-process of development (e.g., VCP), as part of a prior development agreement,

are recommended as part of the department master plan (e.g., playground and irrigation system renovations) and/or are required to be completed within a specific period of time.

3. **Efficiencies (E)** – The department will consistently seek efficiency improvements in both operational and capital investments. Projects will represent important operational and/or maintenance efficiencies resulting in improved life cycles, cost efficiencies and savings in resources, energy or water usage (e.g., Flatirons Golf Course irrigation system replacement, computerized irrigation system).
4. **Revenue (R)** – The department will invest in facilities and programs that generate revenues to support valued recreational opportunities in the community. Projects will enhance the department's ability to earn more revenue after initial investment and operational costs are considered (e.g., Flatirons Golf Course playability enhancements) and/or possible collaboration/partnerships leveraging outside funding sources.

Equitable Distribution

In planning and developing the annual CIP, the department strives to provide equitable distribution of improvements throughout the city, both geographically and socio-economically. In planning projects and identifying needs, the department reviews all asset management information to prioritize the critical deficiencies and engages staff as well as the PRAB to understand the capital priorities that exist throughout the community.

ANALYSIS

Proposed 2016 Capital Improvement Program Projects

Based on budget considerations and the CIP guiding principles, the PRAB and the department will discuss CIP projects for 2016. The 2016-2021 CIP Project Sheet is provided (Attachment A).

Updates to 2016-21 CIP

The recommended 2016-2021 CIP includes the following changes based on the current needs of the department as identified in the asset management plan and modifications to project scope and schedules:

- **Aquatics Facilities Deferred Maintenance** – Provide improvements and repairs to existing indoor aquatic facilities to maintain current service levels and extend useful life of the facilities.
- **Flatirons Event Center Demolition and Site Remediation** – Demolition of existing event center due to building hazardous condition and flood damage, repair of existing snack shop, addition of restrooms, and site repairs to parking and patio areas. Provide update to golf course master plan and prepare potential private/public partnership for new market rate facility to serve golf market.
- **Athletic Field Improvements** – Provide improvements and repairs to existing outdoor athletic fields based on recommendations of the Athletic Field Study.

This expands the previous CIP focused on artificial turf to address immediate needs identified by the public to improve fields city wide.

- **Turf and Irrigation Repairs** – Upgrades to existing turf and irrigation systems as needed to maintain desired quality turf.
- **General Park Structures Repairs and Replacements** – Upgrades to existing shelters, restrooms and maintenance facilities to maintain desired standards.
- **South Boulder Reservoir and Tom Watson Site Planning** – Development of site plans and estimates for capital improvements.
- **Scott Carpenter Park Site Plan / Mapleton Site Plan** – Development of park master plans to integrate Fire Station relocation and possible aquatics redevelopment.
- **Yards Master Plan and Maintenance Facility Site Plans** – Development of site plans and estimates for capital repairs based on General Maintenance and Management Plan (GMMP) recommendations.
- **Urban Forest Management Plan** – Phase II of Forest Management plan to provide urban canopy best practices.

Department Master Plan, Asset Management and Future Investment Priorities

Focus on “Taking Care of What We Have” – The department manages over \$200 million in assets based on best asset management practices using current replacement value (CRV) of built assets. The department also has a projected backlog of deficiencies in those existing assets of \$32 million (Draft Capital Investment Strategy 2016-2025 Attachment B). The proposed six-year CIP of \$30,500,000 focuses on investments to existing facilities to maintain desired standards.

The department’s desired Facility Condition Index (FCI) is .06 to .08 for park assets and the current backlog of assets is a projected FCI of 0.16 (FCI equals total estimated backlog of repairs divided by total CRV). To maintain existing assets once they meet standards requires approximately a 2 percent per year investment in the total CRV. This means that the department should invest \$4 million per year in CIP projects just to maintain existing condition. Since our current FCI is in excess of this means that the department proposed additional investment of \$13 million as part of the six year CIP will reduce the current FCI in the next years to the range of 0.09.

Total Cost of Facility Ownership (TCFO) – The master plan recommended that proposed development of any new park and facility assets shall be evaluated through a feasibility study that includes a needs assessment, user profile, projected participation analysis, development funding method, life cycle cost pro forma and alternative development trade-off analysis. This move toward life cycle management of assets using a concept called the Total Cost of Facility Ownership or TCFO is at the heart of the department’s effort to better manage assets. This approach frames agency asset management decisions in a framework of ‘cradle to grave’ consideration of how an asset is conceived of, designed, built, managed and maintained, recapitalized, and eventually

disposed of as shown in Figure 1 (below).



New Capital Projects –The need to develop a comprehensive capital investment strategy that includes new facilities is imperative to maintaining the city’s status as an innovative service provider in the field of parks and recreation. To understand the scope of this need the department has conducted a number of planning projects over the past year as outlined in the master plan. These studies are related to the larger goals outlined in the master plan that would significantly replace existing aging facilities while at the same time developing new facilities desired by the community. As the studies below are finalized they will be presented to PRAB for advice in developing a long term capital strategy.

- **Boulder Reservoir Master Plan, Site Management Plan and Site Plan** – \$8-12 million.
- **South Valmont City Park Site Plan** – \$40 million for site development without aquatics center.
- **Athletic Field Study** – \$20 million for field enhancements beyond Valmont.
- **General Maintenance and Management Plan (GMMP)** – projected O&M costs.
- **Asset Management Plan (AMP)** – finalize total asset value and deferred maintenance needs.
- **Aquatics Feasibility Plan** – \$40-\$60 million in enhanced and new aquatics facilities.
- **Civic Area Vision Plan** – \$8.7 million funded through 2-A Sales Tax.
- **Flatirons Golf Course Site Plan** – Development of private / public partnership for new restaurant and golf related facilities.
- **Urban Forest Management Plan** – Final Emerald Ash Borer (EAB) approach and forest canopy study.
- **Urban Natural Lands Management Plan** – needs for urban natural lands including wildlife impacts.
- **Recreation Facility Study** (in 2015) – identification of maintenance and

enhancements to existing facilities.

When completed, each of these studies will provide the required investment strategy to maintain and operate existing facilities as well as provide cost estimates to build new facilities and/or replace aging infrastructure as needed and provide the additional O&M and repair and refurbishment (R&R) required for new facilities using the TCFO approach. The estimated unmet need is approximately \$160 million in action and vision plan funding based on the master plan.

It is anticipated that a larger capital investment strategy will be needed to meet those projects that are identified as critical public improvements needed over the next 10 years that is beyond existing financial resources. This may include additional long-term bonding, pay-as-you-go sales tax, private/public and public/public partnerships as well as opportunity for private investments for commercial rate facilities and services.

The attached Table B provides a pro-forma analysis of current assets along with projected unfunded projects that have been identified through master planning processes. Balancing operational costs, capital refurbishment to existing facilities to maintain a high standard and developing new infrastructure to meet future demand is the challenge facing the department and PRAB today. Based on the Proposed CIP we have the ability to address backlog and operations as well as start to identify and develop long-term investments for Boulder’s future. These investment decisions will require trade offs as well as creative funding plans through private/public, public/public partnerships, philanthropy and other means to achieve a balanced park and recreation system for the future.

2013 Flood Project Status

Planning staff continues to analyze flood impacts and develop construction cost estimates for flood recovery projects within department facilities. The flood resulted in damage encompassing over 40 parks and facilities. Initially, all FEMA-funded flood projects were to be completed within 18 months following the disaster declaration, or March 2015. The department has addressed the majority of those areas impacted by the flood and projects that are underway have received extensions from FEMA and will be completed during this fiscal year.

Status of Flood Recovery Projects and Estimates for Parks

| Park Name | Complete | Task Items |
|-----------------------------------|---------------|---|
| Eben G. Fine Park | Complete | Repair erosion gullies and bank stabilization |
| **Knollwood Tennis Courts | In progress | Complete replacement of courts |
| Elmers Two mile Park | Complete | Repair/restore playground area |
| Evert Pierson Kids’ Fishing Ponds | In Permit | Complete restoration of ponds and amenities |
| Maxwell Lake Park | Complete | Installation of outfall drainage structure on lake |
| East Boulder Community Park | Complete | Erosion repair and replace floating fence at Dog Park |
| Bear Creek Park | Complete | Replacement of pedestrian bridge |
| Flatirons Golf Course Event | Design | Demolition of existing structure (doesn’t |

| | | |
|--------|--------|---|
| Center | Permit | include reconstruction) will not be FEMA project as facility pre-flood values were less than repair costs |
|--------|--------|---|

Flood Funding Approach

To address the capital funding needs for flood recovery until reimbursement is received from FEMA, staff utilized different funding sources, including unspent Capital Improvement Bond funding that has been allocated through voter approval in 2011.

QUESTIONS FOR THE BOARD

- Does the PRAB have questions regarding the department’s preliminary 2016-2021 CIP project list?
- Does the PRAB have priorities that are not included in the draft 2016-2021 CIP?
- What questions does the PRAB have regarding the department’s current unfunded, unmet needs list on the Capital Investment Strategy?

NEXT STEPS

Important milestones for the CIP process are included below.

| Milestone | Date |
|--|---------------------|
| PRAB CIP Discussion Item (1st Touch) | January 26 |
| PRAB Study Session | February 23 |
| PRAB CIP Discussion (2nd Touch) | February 23 |
| PRAB CIP Public Hearing, Discussion and Recommendation (3rd Touch) | March 23 |
| Proposed Operating and CIP Budget Submittals Due to Budget and the Executive Budget Team | End of May |
| Proposed CIP to Planning | July |
| Citywide CIP Tour | Late July |
| Planning Board CIP Hearing | Beginning of August |
| City Council CIP Study Session | Mid August |
| City Council Budget Consideration | September |

Attachments:

- A. CIP Proposed Project Summary Sheet 2016 – 2021
- B. Parks and Recreation Capital Investment Strategy