

Council Business Meeting

March 2, 2021

Agenda Item	Approval of 2021-2040 Capital Improvements Program	
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SUMMARY

Before the Council is a presentation and request for approval of the 20-Year Capital Improvements Program (CIP) for years 2021-2040. The CIP is based upon each enterprise fund's master plans or system plans, and operational requirements. This document provides a full context representation of 20-year program, along with the detailed 6-year project planning documentation. The CIP informs the budget process within the budget capital line items (704100 for in-house crew labor capital and 704200 for contracted capital projects).

POLICIES, PLANS & GOALS SUPPORTED

City Council Goals:

Essential Services

- Electric
- Sewer
- Streets
- Water
- Stormwater
- Parks Maintenance

Value Services:

Emergency Preparedness
Address Climate Change
Multi-modal Transportation
All-Age Friendly Community
Water Conservation

CEAP Goals:

Address Climate Change by helping to reduce Ashland's greenhouse gas emissions and to prepare the city's communities, systems, and resources to be more resilient to climate change impacts.

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

PREVIOUS COUNCIL ACTION

The Council has taken numerous actions throughout the years related to the CIP. Fundamental actions include adoption of master plans that provide the preliminary assessment for capital project needs, associated

estimated costs and financial plans. Additional actions include previous approval of the current biennium's 2/6/20 year plan in concept and subsequent actions to approve engineering and construction contracts on the individual project recommendations within the CIP. The Council has also reviewed project closeout information related to completed capital improvement projects.

BACKGROUND AND ADDITIONAL INFORMATION

The CIP is a living and evolving document that is built upon a foundation of master planning. The CIP requires biennial updates based on updated master plans, changes in need or prioritization, changes in funding mechanisms and changes to goals or policy directions.

Master plans or similar planning documents ensure the corresponding utilities and enterprise funds can accommodate growth and keep infrastructure systems fully operational and meeting regulatory requirements. Master plans enable a long-term plan to be developed and strengthen the intent to present the most responsible infrastructure improvement costs. Master plans assess the existing systems, establish level of service goals, review future demand, develop a plan for capital improvements, operations, and ultimately propose a rate structure and other financial guidance to enable adherence to the plan. Typically, master plans are reviewed and updated every seven to ten years depending upon the system changes and should be evaluated at every two-year budget cycle to update costs and verify priorities. Updates on this frequency ensure inclusion of Council goals, new ordinances, changes in the procedures and development of our community, as well as technology advances.

In addition to each master plan, operational requirements are assessed for capital planning. When major infrastructure replacements are necessary, these projects can often be "capitalized". This is most easily described with the street division's pavement condition index (PCI) and the resulting street overlay projects. This is an operational requirement and the condition of each street is not specifically evaluated for the Transportation System Plan. With the Food and Beverage tax being shifted to arterial and collector streets, the basis for prioritization is the PCI. The major repairs and replacement of asphalt are considered capital expenses and as such, included in the CIP.

Staff has added the PCI rating for the roadway rehabilitation projects to provide an understanding of the need to perform street maintenance projects. Staff and the Transportation Commission also recommend a minimum PCI of 70 be a performance metric in the 2021-2023 Biennium and subsequent budgets. Also as specified in Ashland Municipal Code 2.13.030 the Transportation Commission is to make funding recommendations to the Public Works Director on the transportation section of the City's CIP. The Transportation Commission made a final recommendation at the February 18, 2021 meeting on the transportation CIP section and it has been included in the final document.

The City distinguishes capital projects from general maintenance items. Capital projects are typically for new construction, expansion, major renovations, replacements, or projects that substantially increase the life of an asset. Many projects are multi-year, beginning with planning, design then construction. Some have multiple funding sources including grants and debt service instruments that are paid back through user fees from each specific enterprise fund.

The document that has been prepared includes a complete list of projects for the 20-year planning horizon for those funds that have plans extending that 20-year period and has detailed descriptions for each of the projects in the initial 6-year period.

Staff has added columns to the CIP spreadsheet document to provide additional information regarding project need. These columns include:

1. Regulatory - infrastructure is due to be upgraded or replaced to ensure regulatory compliance
2. Capacity - infrastructure is deficient in projected capacity needs and upgrades are required to provide for capacity requirements

3. Deficiency - infrastructure is deficient in some manner and correlates with meeting capacity requirements or just a lack of infrastructure in place (example-sidewalk gaps)
4. Life Cycle - infrastructure is at the end of its useful life and due for replacement

STUDIES

In addition to major capital investment as mentioned above, studies assist in developing programmatic needs moving forward and there are several studies in the six-year outlook that have been identified. Studies include:

1. **Water Conservation and Management Plan**: The Oregon Health Authority requirement for updating the existing Water Conservation and Management Plan. The update to this plan will also include a refreshed look at climate modeling and its effect on the City's water supply options.
2. **Wastewater Treatment Plant In-Vessel Composting Feasibility**: This study will analyze the feasibility and provide for up to 30 percent design of an in-vessel composting facility to be located at the treatment plant or Hardesty property site. Composting of sludge could provide numerous benefits to the City, including a reduction in tipping fees to Dry Creek Landfill, reduction in vehicle miles traveled for sludge disposal, reduction in energy costs to process sludge prior to disposal and provide a sustainable compost product for end users.
3. **Transportation System Plan Update**: The TSP update was planned for the current biennium but due to the pandemic and revenue reductions the update was postponed to the 2021-23 biennium. The update will take advantage of information to be developed in the current Evacuation Time Estimate Study.
4. **Americans with Disabilities Transition Plan Update**: The update will analyze the current level of accessibility for governmental public buildings to ensure compliance with regulatory requirements.
5. **Citywide Facility Plan**: The Facility Plan will update space needs and programming for staff facilities with a focus on optimizing the organizational structure to satisfy customer service and public meeting requirements will also providing flexibility for staffing operational changes based on the potential for increased telecommuting by staff. The plan will recommend projects to be implemented in the City Facility Optimization Program.

FISCAL IMPACTS

Each Department and associated fund must account for the costs of improvements and major maintenance items. Generally, each individual project listed in the CIP document will require numerous independent Council actions including, approval of grants and debt service instruments and approval of engineering and construction contracts. At each level of approval by Council staff will provide the appropriate project need and justification for review and discussion.

Staff is currently working with a consultant financial advisor to update previous rate studies for the water and wastewater systems that includes current CIP information and overall fund health to generate updated rate recommendations.

The final draft of the updated Stormwater and Drainage Master Plan (2020) has an updated financial analysis with formal rate recommendations. Staff is scheduled to provide the Council with a presentation on the outcomes of the Stormwater and Drainage Master Plan including the financial plan and associated regulatory requirements of the newly issued MS4* permit.

**MS4: A municipal separate storm sewer system, commonly called an MS4, is a conveyance or system of conveyances, such as roads with drainage systems, municipal streets, catch basins, curbs, gutters, constructed channels or storm drains, owned or operated by a governmental entity that discharges to waters of the state.*

All rate recommendations will be brought before the Council at a future date for discussion and deliberation.

STAFF RECOMMENDATION

Staff recommends Council approve the 2021-2040 Capital Improvements Program as presented by staff.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move to approve the 2021-2040 Capital Improvements Program as presented.

OR

I move to approve the 2021-2040 Capital Improvements Program with the following amendments _____.

REFERENCES

CIP 2021-2041 ([link](#))

CIP – Master Plan Links

Transportation System Plan (TSP) – 2013 ([link](#))

Transit Feasibility Completed March 2019

Full TSP proposed for FY22-23 (postponed previously due to COVID19)

Comprehensive Water Master Plan – 2020 ([link](#))

Currently being updated – completion in June 2019

Water Management and Conservation Plan – 2013 ([link](#))

updated by staff March 2019

TAP Master Plan Draft 2020 – ([link](#))

Comprehensive Sanitary Sewer Master Plan – 2012 ([link](#))

Facilities Assessment in progress – ([link](#))

Collection system master plan in progress

Storm Water and Drainage Master Plan – 2000 ([link](#))

Update in process, final draft complete awaiting public review and Council adoption (2021)

Airport Master Plan & Layout Plan (ALP) – 2020 ([link](#))

Facilities – 2008 Master Plan ([link](#))

Electric Department 10 Year Planning Study ([link](#))

System Plan proposed FY20-21

Parks and Recreation

Lithia Park Master Plan underway – pending approval ([link](#))