Agenda Item # 10
Date: October 13, 2010
File No._____

PLANNING COMMISSION
STAFF REPORT

Subject: 5-year Capital Improvement Project Priorities

Initiated by: Ray Jarvis, Public Works Director
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INTRODUCTION:

The purpose of this staff report is to allow the Planning Commission to review and discuss policies that will lead to establishing 5-year Capital Improvement Plan priorities and recommendations for Town facilities.

BACKGROUND:

In July 2009, the Town Council appointed six members of the community to serve on the Capital Facilities Funding Committee (CFFC) with the purpose of evaluating the Town's Development Impact Fees in order to set fees that will be appropriate for reinvestment in the community.

The CFFC held ten meetings between July and November and developed recommendations for Town Council consideration. On November 19, 2009, the Town Council adopted the CFFC policy recommendations which reduced the total amount of Development Impact Fees assessed, and reduced the amount and changed the method of determining workforce housing requirements.

The CFFC recommended the Town establish a more comprehensive and rational investment strategy to guide both public and private investment in the community, and prepare a "Resort Investment and Public Facilities Element" of the General Plan. Steps involved in preparing this General Plan Element include:

1. Identify strategic public and private facilities and programs by subject/objective.
2. Describe timing of the facility/program.
3. Describe scope and scale of the funding and construction of the facility/program.
4. Identify existing and potential public/private funding sources and their associated legal restrictions and political commitments.

5. Describe the priority of the facility/program.
6. Describe community, population, economic and funding conditions that trigger the planning, funding, and construction of the facility/program.

5-year Capital Improvement Plan

The 5-year capital improvement plan is the first step in developing the Resort Investment and Public Facilities Plan, a future Element of the General Plan. The 5-year Capital Improvement Plan will describe the highest priority Capital Projects and Maintenance and Rehabilitation Projects for the next five year period. The long-term planning horizon will be developed later.

The 5-year CIP will allow the Town to consider the full life-cycle costs of proposed facilities and more completely link planning, funding, and budgetary functions to:

- Adequately maintain existing facilities,
- Complete current projects, and
- Plan for the future.

The 5-Year CIP will describe two categories of activities: "Capital Projects" and "Maintenance and Rehabilitation" activities. These are defined as:

> Capital Project – A capital project is defined as having a value of at least $10,000 to $15,000 dollars and results in a defined tangible asset. Examples include building a new park or a new feature in a park, building new tennis courts, purchasing new playground equipment, and building a new road.
>
> Maintenance and Rehabilitation – Maintenance and rehabilitation programs are defined as expenditures to perform the normal care and upkeep of a facility needed to extend the useful life of a facility or equipment. Maintenance and rehabilitation costs can range widely based on the size of the job and materials and labor costs. Examples include replacing a roof on a building, painting, watering and lawn care, routine schedule of maintenance, and pavement rehabilitation.

The 5-year CIP will include a large variety and number of projects. To allow focused and comparative evaluation and decision-making, facilities will be grouped by the following general categories:

- Parks and Recreation (parks and landscape, equipment, surface improvements, signage, lighting, infrastructure, and park buildings),
- Mammoth Lakes Trails System (trails, staging areas, signage, and related infrastructure),
- Arts, Culture and Entertainment (public art, indoor and outdoor event facilities, equipment, surface improvements, community information and signage, and infrastructure),

- Streets, Hardscape and Landscape (streets, curbs and gutters, sidewalks and paved areas, streetscape appurtenances, and related landscape areas),
- Storm Drain System (culverts, channels, conveyance and detention basins),
- Municipal Buildings (maintenance yard and buildings and the transit facility),
- Vehicles (equipment, rolling stock and transit), and
- Air Service (equipment, facilities and buildings).

Some commissions will focus on one or two bullet points while others will overlap in certain categories. This grouping allows commissions to first set priorities within each category (e.g. Parks and Recreation), and then set priorities between categories (e.g. Parks and Recreation and Trails). At completion, Town decision-makers will be able to consider both the 5-year CIP, and, the allocation of needed staff resources early in the budget planning process.

ANALYIS/DISCUSSION:

As a first step, staff is asking the Commission to review and discuss policies that will lead to establishing 5-year Capital Improvement Plan priorities and recommendations.

Setting Priorities

Decision-makers face difficult challenges in setting project priorities, some include:

- Project proponents are competing for limited resources;
- Stakeholder groups value and strongly believe in the merits of the projects they support;
- The value of some community projects is not easily quantifiable; and
- The economic capacity of a community and it's needs may change over time.

In this context, decision-makers benefit by having clear and quantifiable methods of establishing strategic priorities and policies to determine: *What should we invest in first and why?*

Attachment 1 is an excerpt from the "Development Impact Fee and Housing Program Updated," March 18, 2010, prepared by EPS and accepted by the Town Council. This report describes an approach to setting a strategy and means to prioritize projects and includes the key points described below.

Prioritization Guidelines

Table 1 in the attachment summarizes the suggested prioritization guidelines which include four levels of project priority:

- Highest Priority
- High Priority
- High Mid-Range Priority
- Mid Range Priority

Goal, policy and strategy linkage criteria are provided within each priority level:

- Legally mandated
- Addresses health and safety hazards
- Increases Town visitation and occupancy
- Stabilizes and strengthens local business
- Increases municipal revenues and their reliability
- Achieves stated level of service standards
- Addresses a non-health and safety functional deficiency
- Reduces future cost or achieves cost avoidance
- Significantly enhances the quality of life for the entire community

Triggers and timing considerations are discussed as well as the desire to retain flexibility to take advantage of changing conditions and new opportunities. Two sample draft Parks and Recreation tables are provided to illustrate how the information will be reported.

RECOMENDATION:

Staff is requesting the Commission to review and discuss this information and provide staff with information that we can use to set clear and consistent criteria that can be applied in evaluating all of the categories of the 5-year CIP.

Attachments:

Attachment 1 – Excerpt from the Town Council accepted "Development Impact Fee and Housing Program Updated," March 18, 2010, prepared by EPS.

Attachment 2 – draft Table X-X Parks and Recreation Capital Projects Design/Construction Efforts, September 2010

Attachment 3 – draft Table X-X Parks and Recreation Maintenance and Rehabilitation Program, September 2010

Attachment 1

The following information is excerpted from the Town Council accepted "Development Impact Fee and Housing Program Updated," March 18, 2010, prepared by EPS.

"Resort Investment and Public Facilities Report

Strategic Framework

Managing growth in the Town through the assurance of adequate and timely facilities to serve the current and future visitor and resident population will continue to be a challenge. This section establishes a strategic framework direction that can be achieved by prioritization guidelines and an implementation financing strategy.

The 2007 General Plan establishes the highest level of vision, goals, policies and actions. A major theme woven throughout the General Plan is the importance of strengthening the community's economy and position as a destination resort while at the same time achieving the 'triple bottom line." The General Plan states (page 8): *"The values of the community also encompass making decisions that benefit the community's social, natural and economic capital – the triple bottom line. Decisions that enhance all three aspects of community capital provide the greatest public benefit; decisions that improve or conserve two forms of capital without diminishing the third are also ideal. Decisions that only benefit one and decrease the other two forms of capital are undesirable."*

On April 15, 2009, the Town Council took a major step in implementing this General Plan theme by adopting the "Destination Resort Community and Economic Development Strategy" (DRCEDS). DRCEDS is a 3-year strategic and operating plan intended to clearly establish a short-tem direction for the community and dedicate resources to achieve it.

DRCEDS describes Key Result Area (outcomes), Disciplines (principles), Goals, and Strategies and Objectives that establish a meaningful strategic framework for this Resort Investment and Public Facilities Report. The following key result area, disciplines, and goals from DRCEDS, with the General Plan, establish an appropriate strategic framework to guide decision making for resort investment and public facilities.

"Key Result Area (KRA) 1.0 Achieve Economic and Fiscal Stability

Disciplines: We will base our decisions on achieving the triple bottom line: one that considers economic development, land use planning, mobility, community design and place-making to achieve a thriving local economy.

We will prioritize the allocation of resources and decision-making to provide activities, programs, services, and facilities that lead to higher visitation first.

We will partner with the private sector and fellow public agencies to leverage visitor serving activities, programs, services, and facilities with new development.

We will build partnerships with members of our community to increase opportunity, spur investment, encourage local enterprises, and serve the needs of local residents, workers and businesses.

Goal 1.1 Annually increase Town visitation and occupancy rates.

Goal 1.2 Stabilize and strengthen local businesses.

Goal 1.3 Annually increase municipal revenues and their reliability.

Prioritization Guidelines

Prioritization guidelines for resort investment and public facilities decisions are needed to efficiently and effectively allocate available resources. Suggested policies within this section call for a more formally structured approach to evaluate potential improvement projects by identifying appropriate criteria for each facility.

The structured approach should weigh the project's contribution to the strategic framework; contribution to the protection of health, safety and welfare; triggers and timing; financial discipline; and availability of financing. This approach identifies community "needs" versus "wants" through a policy structure.

Protection of Health, Safety, and Welfare

Four levels of priority are suggested to evaluate a project's contribution to health, safety, and welfare. They are: 1) Highest Priority, 2) High Priority, 3) High Mid Range Priority, and 4) Mid Range Priority. These priorities, with "Goal, Policy and Strategy Linkage," "Evaluation Criteria and Measurement," and examples are described in Table 1 below.

Table 1

Protection of Health, Safety, and Welfare Priorities	Goal, Policy and Strategy Linkage	Evaluation Criteria and Measurement	Examples
Highest Priority	-Legally mandated.	-Compliance with legal requirements	-Meeting water quality standards. -Implementing American Disabilities Act. -Meeting CA Air Resources Board standards.
	-Addresses health and safety hazards.	-Emergency services calls, injuries, accidents, and claims.	-Installing sidewalks and street lights to reduce vehicle and pedestrian accidents. -Installing storm drains to reduce damage and injury caused by flooding.
High Priority	-Increases Town visitation and occupancy. -Stabilizes and strengthens local businesses. -Increases municipal revenues and their reliability.	-Room reservations and room nights. -Sales and transient occupancy tax. -High ratio of fiscal and economic benefit to cost.	-Increasing the number of air passenger enplanements. -Providing venues for meetings, conferences, and performances.
High Mid-Range Priority	-Achieves stated level of service (LOS) standards. -Addresses a non health and safety related functional deficiency. -Reduces future cost or cost avoidance.	-Measurable LOS improvements. -High ratio of cost to benefit and return on investment.	-Providing better transit service. -Improving the LOS capacity of a street intersection.
Mid-Range Priority	-Significantly enhances the quality of life for the entire community.	-Statistically valid community survey.	-Sports facility serving the residents and visitors.

Triggers and Timing
A successful strategic framework requires an understanding of "when and why" an investment or project is needed. "Why" is answered by the content of the strategic framework and prioritization. "When" a project is needed is determined by what events or conditions "trigger" the need for the project, the scale and characteristic of the project, and by the availability of the financing to implement the project.

Triggers and timing can be based on per capita rates (square feet per person, acres per person, miles per person, etc.) response time, water flow, LOS and traffic congestion, and so on. Triggers might be described by:

- Per capita: X facility is needed when resident and/or population reaches X,XXX.
- Level of service: X facility is required to achieve XXX standard (response time, LOS at an intersection).

These standards should be posed in correlated documents, related to identified priorities and strategies, and related to the reasonable and practical fiscal and financial resources to implement them.

Scale and construction characteristics of projects also determine timing. Some projects are relatively small and discrete, independent of a larger system, and are less costly. Small scale projects can often be funded by pay-as-you-go method. Large scale projects are often more complex systems or buildings, difficult or impractical to phase, and more expensive. Large scale project typically require large sources of financing. At a high level, the expected timing of a project can be described as short-, mid-, and long-term.

Each planning document should define these considerations and describe each project by the subject, purpose, and intent; analyze current conditions and determine appropriate service standard; identify facility improvements and priorities; and provide a schedule, phasing, and financing implementation plan. The implementation plan should describe in detail triggers and timing for the project.

Financial Discipline
Establishing financial discipline is essential to realizing any strategic direction; the alternative is ad hoc, disjointed, and reactionary decision making. Financial discipline considers strategic and operational planning; aligns long- and short-range activities; and employs a structured policy framework to evaluate and make informed choices and decisions. The following principles should be used in project related planning and budgeting documents.

1. Integrated Management System: Strategic Planning, Operational Planning, and Budgeting
    a. Form a more aligned, dynamic and integrated management system. These include the General Plan, master and specific plans, zoning standards, guidelines and specifications.
    b. Maintain a long term fiscal perspective. Annually review a Twenty-year Long Term Financial and Capital Improvement Plan.
    c. Annually review DRCEDS, a three- to five-year strategic operating plan.

d. Annually review a two-year budget and Capital Improvement Plan for planning purposes, managed on a program and performance basis.

2. Decision Making: Return on Investment
    a. Make major financial decisions in the context of the Twenty-year Long Term Financial and Capital Plan.
    b. Evaluate financial decisions based on General Plan goals and the three-year strategic operating plan.
    c. Evaluate financial decisions based on the Protection of Health, Safety and Welfare Priorities.
    d. Financial decisions should consider fiscal impacts as well as costs/benefits of the project.
    e. Financial decisions should consider funding opportunities. A revenue stream dedicated to a specific facility or purpose may establish implementation schedules apart from established priorities. (For example, Measure R is dedicated to trails and recreation allowing some facilities to advance independently from others.)

3. Budget Program and Project Strategies (confirmed by Town Council on March 4, 2009).
    a. Long-term maintenance and operating costs shall be considered whenever operating programs and services are approved.
    b. Grant funded capital projects, or those projects with alternate funding sources, that require completion of the project lest the funds be returned to the provider, shall be a funding priority.
    c. Adequate staff resources shall be deployed to seek out grants and other funding sources that address the Town's Strategic Initiatives and Core Services.
    d. Capital projects will only be initiated if: 1) all revenue, expenditures, operating and maintenance costs have been identified for the long-term; 2) all funding risks have been identified; 3) the benefit of the project compared to any funding risk has been evaluated; 4) public/private partnerships, agency partnerships and grants have been researched; and, 5) the project meets the Strategic Initiatives and core service deliverables of "Moving Mammoth Forward."
    e. Any new project, program or service shall support the core services and the community's social, natural and economic capital (triple bottom line).
    f. Contracts for programs or tasks that require intermittent service, expertise, or resources that the Town cannot provide may be considered.

Ideally, these disciplines are used in setting short-, mid-, and long-term investment strategies, policies, and decisions of the Town. They should be used to formulate, and be described in, the Town's planning and budgetary documents.

However, conditions and circumstances often change and new opportunities will always be presented. Investment and facility funding and implementation decisions may be made outside of adopted plans and priorities. These decisions should follow the structured evaluation approach described in this report; special consideration should be given to the new merits of the investment or project. Examples include:

1) Public Safety: An expenditure that is required to reduce imminent risk of loss of life, injury, property damage, and natural resource destruction.

2) Operations and maintenance: An expenditure that is required to reduce the risk of structural or operational degradation or failure, which if deferred or not corrected, would result in substantial future repair or replacement costs.

3) Funding opportunity: An expenditure that advances the implementation of a facility, out of its order of priority or schedule, in order to leverage an expenditure or grant by another party.

These prioritization guidelines establish a rational approach to setting short-, mid-, and long-term priorities. They consider a range of factors including strategic goal attainment, protection of health, safety, and welfare; the timing and characteristics of projects; and financing. This policy approach should be used in developing the Resort Investment and Public Facilities Element."

DRAFT

Table X-X

Parks and Recreation Capital Projects Design/Construction Efforts

Park & Facility Development	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Trails End Park & Volcom Brothers Skate Park	Design $	Construction $40,000	Construction $450,000	Construction $450,000	Construction $450,000
Mammoth Creek Park - Playground Compliance Project (Replacement)	Replacement Construction $137,000				
Whitmore Track	Design $	Construction $	Construction $		
Mammoth Creek Park Master Plan	Planning $50,000	NEPA CEQA $	Design $	Construction $	Construction $
Community Center Park - Master Plan		Design $25,000			
Community Center Park - Parking Lot Connector Trail		Construction $20,000			
Community Center Park - Tennis Courts	Design $30,000	Construction $250,000	Construction $250,000	Construction $250,000	Construction $250,000
Community Center Park - Replace Storage Shed		Replacement Construction $10,000			
Shady Rest Park - Playground Surfacing		Construction $12,000			
Whitmore Pool - Locker Room Updates		Construction $150,000			
Whitmore Park - Update Well House Electrical & Plumbing			Construction $150,000		
Whitmore Park - Park Perimeter Fencing			Construction $22,000		
Shady Rest Park - Volleyball Court Concrete Curb				Construction $26,000	
Whitmore Park - Replace Main Water Line				Maintenance Construction $62,000	
Shady Rest Park - Pave Upper Parking Lot					Construction $100,000
Shady Rest Park - Install Paver Picnic Area					Construction $162,000
Whitmore Track - Picnic Pavilion					Construction $75,000
Ice Rink / Multi-use Facility					

Table X-X

Parks and Recreation Maintenance & Rehabilitation Program

Project	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Shady Rest Park - ADA Restroom Doors	$4,500				
Mammoth Creek Park - Parking Lot Curb Replacement		$66,000			
Mammoth Creek Park - Perimeter Fencing Project		$35,000			
Community Center Park - New Park Identification Sign		$8,250			
Community Center Park - Trash Bin Screening		$15,000			
Shady Rest Park - Trash Bin Screening		$15,000			
Whitmore Park - New Park Identification Sign		$15,000			
Whitmore Park - Update Existing Restrooms		$33,000			
Whitmore Pool - New Park Identification Sign		$15,000			
Whitmore Pool - Trash Bin Screening		$7,150			
Whitmore Pool - Pool Pump Room Updates & Electric			$80,000		
Community Center Park - Refurbish Restroom			$25,000		
Community Center - Lower Parking Lot Rehabilitation			$160,000		
Shady Rest Park - Restroom Tile and RFP			$15,000		
Whitmore Pool - Rehabilitate Parking Lot & Driveway			$115,000		
Community Center Park - Upper Parking Lot Rehabilitation				$135,000	
Community Center Roof Replacement				$20,000	
Community Center Deck Replacement				$18,750	
Shady Rest Park - Replace Snack Bar Exterior Siding				$71,280	
Whitmore Park - Replace Ball Field Backstops & Dugouts				$50,000	
Whitmore Park - ADA Updates					
All Other ADA Updates					
Whitmore Ball Field Lights					
Total	$4,500	$209,400	$395,000	$295,030	$0