



INFORMATIONAL MEMORANDUM

TO: **Transportation and Infrastructure Committee and City Council**

FROM: **Henry Hash, Public Works Director**
Vicky Carlsen, Finance Director

BY: **Gail Labanara, Public Works**

CC: **Mayor Allan Ekberg**

DATE: **May 15, 2020**

SUBJECT: **Financial Impacts of COVID-19**
2020 Capital Improvement Program (CIP)

ISSUE

Review status of 2020 CIP projects in response to the financial impacts of the COVID-19 pandemic.

BACKGROUND

At the May 11, 2020 Committee of the Whole meeting, Council reviewed the financial impacts of the COVID-19 pandemic, provided direction on the expected financial gap in 2020, and provided input on the tools available to close this gap. One of the tools is to reduce, defer, or cancel public work projects. Some budgeted projects have already been cancelled as part of the Phase 1 and 2 reductions, these include \$1.2 million savings by cancelling the 2020 Overlay and Repair Project and Phase 2 reductions included \$210k from the 303 Facilities funds, which eliminated the previously planned City Hall siding and roof repairs as well as significantly reducing the Citywide facility planning scope.

On May 11, the City Council requested additional information related to capital project funding. Below is an analysis of capital projects in the residential street, arterial street, and general government improvement funds. The analysis includes description of funding, expenditures to date, expenditures committed for the remainder of this year, Phase 1 and 2 reductions, and a list of projects for Council discussion and decisions. Some of these projects are currently planned to be reviewed in Council Committees, for example the proposed Citywide Facility Plan scope is to be reviewed in the Finance Committee at the end of May and the 42nd Ave S. Bridge design is currently out for proposals and planned for Transportation and Infrastructure Committee in June.

The Transportation and Infrastructure committee has been asked to review these projects prior to the full Council review planned at the May 18 Regular meeting.

ANALYSIS

The attached spreadsheet lists the active 2020 projects from three funds in the CIP: 103 Residential Streets, 104 Bridges & Arterial Streets, and 303 Facilities. Project descriptions and status are listed.

Column A – Description of funding, either by City or has grant/dedicated funding.

Column B – Estimate of City funded budget/expenditures in 2020.

Column C – Estimate of grant/dedicated revenue in 2020. One anomaly is W Valley Hwy, line 8, where the CIP has \$3.1m construction budgeted in 2020, but we are still in design, so only \$600k is listed in this

spreadsheet for grant funded expenditures in 2020. Dedicated revenue includes REET, parking taxes, & MVTF, which are all estimated to be reduced due to COVID-19.

Column D – 2020 expenditures to date.

Column E – Expenditures committed for 2020.

Column F – Phase 1 reductions, showing the construction funds for the 2020 Overlay & Repair Project.

Column G – Funding for Traffic Calming on hold.

Column H – Council Policy Decision List – Go/No Go, could be used for 2020 reductions

Column I – Available column for Council discussion/decision.

Lines 3 and 12 include projects that are completely grant funded, but we have not yet obtained grants, so they cannot be included as potential reductions for City funding.

Decision Points

Below are the possible decision points for the City Council. Decisions on capital projects do not have to be made at the May 18, 2020 Regular meeting, rather, decisions on each capital project could be made at a later date when the City has received data on sales tax, admissions tax, and utility tax revenue at the end of June. These capital projects and review is part of the tools and decision tree matrix discussed previously.

Fund 103 – Residential Streets

There are currently no savings available in the 103 Fund due to already committed projects and waiting for reimbursement from Seattle City Light for 42nd Ave S Phase III and 53rd Ave S. The Traffic Calming Project has been put on hold and the \$350,000 unspent in this project is currently needed to maintain a positive ending fund balance. An Interfund Loan Repayment is listed in this fund to insure a positive fund balance.

Fund 104 – Arterial Streets

There are many projects listed which are grant funded or use dedicated revenues. There are some projects which have possible savings due to unspent funds. Some of these costs and decisions could be delayed to a future date, such as the Overlay and Repair Project and 42nd Ave S Bridge design.

Strander Blvd Extension (line 7) – this is the second of two mandatory payments to repay the state grant for design funds. Most of these funds (\$475,000) is from dedicated revenues.

42nd Ave. S. Bridge (line 11) – is for the 30% design of the 42nd Ave S Bridge and shows the authorized amounts of \$320k in City funding and \$680k from the new Solid Waste utility tax dedicated to streets for a total \$1 million. This project is currently out for proposals and is planned for Transportation and Infrastructure review in June. This project was approved by Council earlier this year in an effort to prepare for possible federal and state funds. Similar to the last recession, there is a possibility of a Federal infrastructure bill that would be used for “shovel ready” projects, such as this. If Council chooses to delay the 30% design, the City will then apply in 2021 for the next round of BRAC funding. The City was unsuccessful in seeking BRAC funds in 2017 and in 2019. The possible savings would include the \$320k in general funds and the \$680k solid waste utility tax designated for streets, which would then to be dedicated by Council for other 104 CIP projects. As a reminder, Ordinance No. 2609, which increased solid waste utility tax from 6% up to 16% effective July 1, 2020, dedicated taxes above the original 6% be dedicated to road maintenance and road related projects.

Overlay and Repair 2020 (line 13) – this project was cancelled during the Phase 1 reductions for a savings for \$1.2 million in 2020.

2020 Bridge Inspections (line 15) – there is \$335k budgeted in 2020, which covers the 42nd Ave S Bridge In-depth Inspection for \$39,884 and the retainage required to the contractor for the S 196th St Bridge Repair. The remaining balance that could be reduced is \$20k from Line 15 and \$200k from Line 17, which cancels the painting of the S 119th St Pedestrian Bridge in the Allentown/Duwamish neighborhood.

ADA Improvements (line 18) – could be cancelled for this year and the budget reduced by \$50k.

The Annual Signal Program (line 19) – already includes a 50% reduction of \$62.5k, savings which cancels some maintenance and purchase of replacement parts in 2020.

Walk & Roll Plan update (line 22) – with the required update to the Transportation Element of the Comprehensive Plan (line 21), the City had scheduled an update to the Walk & Roll Plan for \$75k, but it is not required by law.

TIB Channelization Study (line 23) – is the balance of \$25k still remaining from the original \$100,000 budgeted.

303 Fund - Facilities

For the 303 Fund, the City had \$656k beginning fund balance for facility improvements.

TCC siding repairs (lines 28) – the Council's adopted budget had designated \$200k to complete this maintenance projects. The City received two quotes and the new budget is estimated at \$120k. There are savings of \$80k from this reduced bid and then the current estimate \$120k listed as decision points.

City Hall Siding repairs (line 28+) – as part of Phase 2 reductions, the city reduced this fund by \$100k to reflect the cancelation of this project.

2020 Facilities Study (line 29) – as part of Phase 2 reductions, this project was reduced by \$110k, leaving \$190k as another decision point for the 2020 Facilities Study/Seismic. This project would provide an updated seismic study for our remaining city facilities as well as preliminary study for use of the facilities once the Justice Center is opened in the fall. This study and scope is currently planned to be reviewed by the Finance Committee at the end of May.

FISCAL IMPACT

The attached table provides a summary of the current status and funding of all projects in the 103, 104 and 303 funds and the possible available funds by cancelling, modifying or deferring these projects.

RECOMMENDATION

Discussion only or possible recommendation for full Council for review for May 18 Regular meeting.

Attachment: 2020 103, 104, & 303 CIP Projects

**2020 CIP Projects
103, 104, & 303 Funds**

Fund	Project No.	Project	Status	Funding	A	B	C	D	E	F	G	H	I
						City Funding 2020 Budget	Grant/ Dedicated Rev Funding	2020 Expenditures to Date	Committed for 2020	Phase 1 & II Reductions 5/11/2020	103 Fund Balance Reduction	Policy Decision Go / No Go?	Council Decision
103 Fund - Residential Streets													
1	103	99410303	42nd Ave S Phase III	Physically completed, final payments	City	\$ 378,000		\$ 24,102	\$ 353,898				
2	103	99110301	53rd Ave S	Utility undergrounding, Comcast next	Grant Funded	399,000		120,140	278,860				
3	103	Various	(3) Safe Routes to School Projects	Not started, seeking grants, no \$ to date	Grant Funded		\$ 5,301,000						
4	103	81910301	Traffic Calming	On hold due to negative fund balance	City	400,000		9,564	53,504		\$ 350,000		
5	103		Interfund Loan Repayment	Covers SCL expenditures for 42 & 53	City				336,932				
					Total 103 Fund	\$ 1,177,000		\$ 153,806	\$ 1,023,194		\$ 350,000		
104 Fund - Arterial Streets													
6	104		104 Wages & Benefits	Ongoing staff expenses	City	\$ 485,383		\$ 93,471	\$ 391,912				
7	104	98610403	Strander Blvd Extension	Closed, final 2020 grant reimbursement	City	147,362	\$ 475,000		622,362				
8	104	99310410	West Valley Hwy	Design funds only, underway	Grant Funded		600,000	60,237	539,763				
9	104	91310407	BAR Bridge over Airport Way	Construction awarded 5/4/20	Grant Funded	-	2,614,000	17,861	2,596,139				
10	104	91810404	42nd Ave S Bridge Replacement	In-depth bridge inspection	City	39,884			39,884				
11	104	91810404	42nd Ave S Bridge Replacement	30% Design proposals due 5/19/20	City/WM tax	320,000	680,000					\$ 1,000,000	
12	104	9030404	S 144th St Bridge - Sidewalks	Not started, seeking grants, no \$ to date	Grant Funded	-	227,000						
13	104	92010401	Overlay & Repair 2020	Design underway, ready to bid, on hold	City	1,400,000		128,453	71,547	\$ 1,200,000			
14	104	82010403	Traffic Counts 2020	Ongoing, contract began 1/1/20	City	18,750		3,300	15,450				
15	104	92010402	Bridge Inspections 2020	4 legally required bridge inspections	City	196,000	93,000	2,252	49,444			20,000	
16	104	91710406	S 196th St/200th St Br Repair	Completed, retainage to be paid	City			1,304	16,000				
17	104	91610407	S 119th St Pedestrian Bridge	Painting of pedestrian bridge on hold	City							200,000	
18	104	91510405	ADA Improvements	ADA ramps at 53, 58, on hold w/ Overlay	City	50,000						50,000	
19	104	82010404	Annual Traffic Signal	Ongoing, reduced by 50%, deferred maint.	City	125,000		2,549	59,951			62,500	
20	104	11301302	Wetland & Envir Mitigation	Ongoing, required by permit	City	40,000		16,219	23,781				
21	104	82010405	Transp Element of the Comp Plan	Not started, required by GMA, due by 2021	City	400,000			400,000				
22	104	82010406	Walk & Roll	Update not started, on hold	City	75,000						75,000	
23	104	81710404	TIB Channelization Study	Study completed, \$25k balance remaining	City	25,000						25,000	
24	104		Park Impact Fees Transfer to 301	Housekeeping transfer from 104 to 301	City	1,009,000			1,009,000				
					Total 104 Fund	\$ 4,331,379	\$ 4,462,000	\$ 325,646	\$ 5,835,232	\$ 1,200,000		\$ 1,432,500	
303 Fund - Facilities													
25			Beginning Fund Balance	Drawdown of fund balance		\$ 656,000							
27	303	91930304	6300 Dry Fire Sprinkler System	Completed	City	30,000		\$ 30,000					
28	303	91630305	TCC Siding Repairs	Not started, 2 quotes received in 2019	City	200,000						\$ 120,000	
	303	91630305	TCC Siding Repairs - Savings	Savings from bids	City							80,000	
	303	91630304	City Hall Siding Repairs	No started	City	100,000				\$ 100,000			
29	303	82030301	2020 Facilities Study/Seismic	RFPs in, not started	City	300,000				110,000		190,000	
					Total 303 Fund	\$ 630,000		\$ 30,000	\$ -	\$ 210,000		\$ 390,000	

Total \$ 1,822,500

Lines 3 & 12, not added in totals as completely grant funded and no grants to date.
Dedicated revenues include REET, Parking tax, & MVFT
Grant funded
Line 11, Solid Waste Utility tax revenue may be reduced due to COVID-19