



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 20, 2010 REPORT NO. 10-007
ATTENTION: Budget and Finance Committee
SUBJECT: Deferred Maintenance Projects
STAFF CONTACT: David Jarrell, James Nagelvoort

REQUESTED ACTION:

Affirm the changes to the FY2009 Deferred Maintenance Project List (Attachment A) and authorizing the Chief Financial Officer to transfer appropriations among CIP projects within Fund 400624, Deferred Maintenance Revenue, to reconcile the approved list of deferred maintenance projects in accordance with the proposed CIP budget adjustment (Attachment B).

STAFF RECOMMENDATION:

Forward to City Council for consideration and approval.

EXECUTIVE SUMMARY:

In May 2008, the City Council approved a private financing agreement with Banc of America for approximately \$102.2 million to address deferred maintenance needs. At that time, Council approved a list of deferred maintenance projects with the stipulation that all changes to the project list would be returned to Council for approval. In March 2009, the City moved forward with the Banc of America private financing. The original project list approved by Council in May 2008 was updated and, in July 2009, the updated list was approved by Council.

Consistent with the Five-Year Financial Outlook, the City is planning to issue approximately \$100 million of additional deferred maintenance bonds in FY2011. The issuance of the additional financing makes it possible to release approximately \$570,000 of Capital Outlay Funds held within some Deferred Maintenance Projects for use on Americans with Disabilities Act (ADA) projects.

Also, this additional financing provides an opportunity to accelerate cash expenditures for both the FY2009 and the future FY2011 deferred maintenance bonds by:

1. Redirecting FY2009 deferred maintenance construction funds from projects that have long design and permitting schedules to those that can be designed and constructed more rapidly. Projects losing FY2009 deferred maintenance funds for their construction phase would be replaced with funds from the future FY2011 deferred maintenance bonds.
2. Utilize FY2009 deferred maintenance funds to initiate the design of a number of new Deferred Maintenance CIP projects. The construction phase of these projects would be funded from the FY2011 deferred maintenance bonds.

Finally, as design has progressed for several of the projects on the approved FY2009 Deferred Maintenance Project List, cost estimates have been updated, and the project will be revised to reflect the new estimates.

In summary, the FY2009 Deferred Maintenance Project List has been revised to replace Capital Outlay Funds with bond funds, accelerate cash expenditure, and update project cost estimate and status. Attachment A includes the detailed changes to the FY2009 Deferred Maintenance Project List.

FISCAL CONSIDERATIONS:

This action has no net impact to the adopted Capital Improvement Program budget.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On July 31, 2009, Council approved a resolution (R-305163) affirming a Council-approved list of deferred maintenance projects, with revisions, and transferring appropriations among CIP projects to reconcile funding.

On May 6, 2008, Council approved an ordinance (O-19747) for deferred maintenance of City-owned facilities.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

None

KEY STAKEHOLDERS AND PROJECT IMPACTS:

Users of City facilities, including roadways, libraries and other public buildings, and drainage systems will benefit from upgrades and maintenance of these facilities.



David Jarrell
Deputy Chief of Public Works



Mario Sierra
Director of General Services Department



Tony Heinrichs
Director of Storm Water Department

Attachment A - Changes to the FY2009 Deferred Maintenance Projects List

Attachment B- FY09 CIP Budget Adjustment for Deferred Maintenance