

City of Long Beach

2022/2023 Capital Budget & 2022/2023 – 2026/2027 Capital Improvement Plan



Reconstruction – Boyd North of Pine Street

LIRR/City Parking Garage

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Department of Public Works

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OFFICE OF THE COMMISSIONER
CITY OF LONG BEACH
DEPARTMENT OF PUBLIC WORKS

TO: CITY MANAGER

Attached for your consideration is the 2022/2023 Capital Budget and the 2022/2023 through 2026/2027 Capital Improvement Plan. This will be my second Capital Budget/Plan as Public Works Commissioner. In consideration of the financial stress outlined by the City Manager and the City Councils desire to secure a more stable outlook for the City, the Department of Public Works goal was to present an achievable 5 year capital plan that minimizes the increase in the annual Principal and Interest payment.

While we will potentially add \$11.0 million dollars in new debt in 2022/23 we will pay down \$8.6 million dollars in existing capital projects related to long term debt and capital lease payments. In addition to this long term debt, there are 2022 Series A BANs issued in February of 2022 in the amount of \$27,788,500 that will mature on February 17, 2023 that will require principal paydown of \$327,000. These BANs will have to be redeemed with either new long term debt or another short term borrowing in February of 2023. Included in 2022 Series A BANs issued in February of 2022 is \$15,000,000 of Flood Protection – Critical Infrastructure related debt that pertains to federal grant and will be eventually paid off using non city resources.

Capital projects are financed over the useful life of the asset generally through municipal bonding. Capital improvements are paid over the period of their useful life so those taxpayers who benefit from the project during its useful life support the asset through their property taxes. As an example a new water tank would be financed over 40 years, if in year 17 a property owner sold their property to a new owner the original property owner would have paid for 17 years of that benefit and the new owner for the next 23 years of the benefit that the tank provided.

Several projects from the previous Capital Budget/Plan are either in progress or have been successfully completed. Design and/or construction projects that have been implemented with funds from the 2021/2022 Capital Budget plan include:

- Asphalt overlays
 1. Pacific Blvd. – Broadway to Shore Road (east and west side)
 2. Pennsylvania – Park to Beech
 3. New Hampshire – Park to Beech
 4. Arizona – Park to Beech
 5. Beech – National to Edwards Blvd.
 6. Beech – Edwards to Riverside Blvd.
 7. Beech – Riverside to Long Beach Road

8. Penn – Long Beach Road to Monroe Blvd.
 9. Penn – Monroe to Lincoln Blvd.
 10. Penn – Lincoln to Franklin Blvd.
- Reconstruction of Lifeguard Headquarters at Riverside Blvd. as well as comfort stations at New York and Neptune Blvd.
 - Northshore Bulkhead project
 - Drainage Improvements Project (in progress)
 - Reconstruction of Boyd North of East Pine Street
 - Enclosure of Open Air Basins at Water Purification Plant (in progress)
 - Rehabilitation of City/LIRR Parking Garage
 - City Hall Façade Rehabilitation (in progress)
 - Design and Construction of Well #16A
 - Design and Construction of New 1.25 MG Water Storage Tank
 - Design - Walks utility upgrades
 - Ice Arena Hazard Mitigation (construction in progress)
 - MLK Hazard mitigation (construction to commence Spring 2022)
 - Animal Shelter Hazard mitigation
 - 150 West Pine Hazard Mitigation
 - Replacement of HVAC at Martin Luther King Center
 - Pool Liner Replacement

As we did last year prior to preparing this year's Capital Plan a review was made of completed Capital Projects from years past that still had available funds and could not be added to cover cost of new projects. These projects can be closed out and may allow the City Council to pass a resolution to make a debt payment.

Capital Projects for the 2022/23 include FEMA and other Grant Funds. These funds will have to be bonded by the City and will be reimbursed through FEMA, NY State and other agencies which have awarded the City Grants.

Thank you for your consideration.

Joseph Febrizio

Introduction

The 2022/2023 Capital Budget and 2022/2023 to 2026/2027 Capital Improvement Plan advance projects that improve the health, safety, and quality of life of City residents. Additionally, the projects address issues in a priority order, making our Government more efficient and responsive. Projects within this year's plan were limited to those projects that depended on funding from other agencies grants and projects that are absolutely a priority for the future of the City.

An annual Capital Budget and Plan is required by Article 6, Section 101-d of the City Charter. The purpose of this document is to present the needs identified by the City Manager to the citizens and the City Council.

How Projects Were Selected

The methods used in previous Capital Plans were as follows:

- Visual inspection
- Consultation and review with other Commissioners, Department Heads, Division Heads, Superintendents, and Chief Plant Operators.
- Discussions with relevant DPW staff
- Priorities identified throughout the previous year
- Projects that have completed the design phase
- Needs and mandates identified by other municipal agencies, i.e. NYSDEC, NCDOH, etc.
- Projects that were identified in previous Capital Plans
- Superstorm Sandy Recovery Projects
- Grant funded projects.

Due to the fiscal stress the City finds itself in this year Projects included in the 2022/2023 Capital Budget and the 2022/2023 to 2026/2027 Capital Improvement Plan were selected at a level to achieve a 5 year capital plan that minimizes the increase in the annual Principal and Interest payment So, in order to accomplish this we only included projects that met the following Criteria:

- Time critical
- Reduced Operating Expense by Capital Charge Back of In-House Labor
- Included Funding from Various Grants, FEMA, and/or GOSR
- Had significant importance to the future of the City
- Safety Issues
- Environmental Concerns

Highlights of the 2022/2023 Program

Projects funded completely by the City in General Fund:

<u>Project</u>	<u>New Funds</u>	<u>Existing Bonded Funds</u>
City Hall Façade Rehabilitation	\$250,000	\$95,780
Roadway Reconstruction	\$800,000	\$934,416
Road Overlays	\$400,000	\$150,000
New Back-Up Generator for City Hall	\$0	\$250,000(authorized only)
Dune Sandscreen	\$300,000	\$43,939
Playground Rehabilitation	\$1,000,000	\$0
Rehabilitate Central Garage	\$1,000,000	\$0
FD Command Post Vehicle	\$350,000	\$0
OEM Expansion	\$750,000	\$92,186

Projects funded completely by the City in Sewer Fund:

<u>Project</u>	<u>New Funds</u>	<u>Existing Bonded Funds</u>
Sewer Collection System Upgrades	\$600,000	\$629,400
WWTP – Building Repairs	\$0	\$750,000(authorized only)
Sewer System Upgrades Compliance	\$0	\$356,179
Sewer Main Lining	\$0	\$235,265

Projects funded completely by the City in Water Fund:

<u>Project</u>	<u>New Funds</u>	<u>Existing Bonded Funds</u>
Distribution System Upgrades	\$0	\$2,133,008
Hydrant & Water Service Repl.	\$ 0	\$0
Park Place WTP/Cover Separation Tanks	\$ 0	\$200,000
Well Installation	\$300,000	\$4,019,000
High Pressure Sand Filter Rehabilitation	\$0	\$250,000

Projects funded by Grants and City in General, Sewer, or Water Fund:

<u>Project</u>	<u>New Funds</u>	<u>Funds From Others</u>
Fixed Asset Management System	\$50,000	\$50,000
Time Management Software	\$200,000	\$200,000
Park Avenue Resiliency	\$675,000	\$1,275,000
Water Meter Replacement	\$2,667,000	\$2,000,000
High Pressure Sand Filter Rehabilitation	\$0	\$1,000,000
Long Beach WWTP Consolidation Project	\$0	\$102,000,000

Additionally, the City will continue its progress on the addressing flood protection for the Bayfront by working with Federal and State Officials to advance projects being funded through various programs and grants.

The Department of Public Works has designated \$35.1 million for General Fund projects in the five-year Capital Improvement Plan. This does not include \$149 million in funding available to the City through, inter alia, the New York Rising Community Reconstruction Program, Federal Emergency Management Agency Hazard Mitigation Grant Program, Financial Restructuring Board (FRB) and NC CDBG Funds.

Also included in the proposal are six hundred thousand (\$600,000) for Sewer Fund projects, and \$3 million for Water Fund projects. There is a \$7.5 million carryover in the Water Fund to undertake projects related to the water plant and the distribution system.

Incorporated in the Sewer Funds (non-city funding category) are projected costs to fund consolidation of the of the City's Wastewater Treatment Plant into the Nassau County's Bay Park Plant. The estimated cost of the "Long Beach Water Pollution Control Consolidation Project" is one hundred million dollars (\$123,095,799) dollars. The City and Nassau County have worked collaboratively to procure 100% of the funds through the FEMA 406 Hazard Mitigation Program and Governor's Office of Storm Recovery.

This project must be completed by 2025 by NYSDEC Consent Order.

The cost of this project would be included in next years Five Year Capital Plan as the exact cost will be better defined.

Major Projects Requested

Major projects proposed in the 2022/2023 plan include:

- Continue Roadway Reconstruction
 - Doyle (Chester to Pine)
- Continue Asphalt Overlay Program
- Continue Tide Flex Valve Replacement
- Streetscape Initiative Improvements
- Public Safety (PD/FD Vehicles, Precinct and Technology Upgrades)
- Building Improvements
- Design, Permitting, and Construction of Federal and State Funded Bulkhead Projects
- Sewer Upgrade Projects
- Water Distribution System Upgrades

Plan Summary

The City of Long Beach Department of Public Works requests \$7.3 million in 2022/2023 General Fund improvements and has identified an additional \$27 million from 2023/2024 through 2026/2027. In addition, \$3.7 million has been requested for Sewer and Water Fund projects. Proposed appropriations, excluding grant funded projects are shown in the table below:

CITY OF LONG BEACH CAPITAL PROGRAM – 2022/2023 – 2026/2027

	2022/23	2023/24	2024/25	2025/26	2026/27
General Fund	\$7,377,000	\$ 11,629,000	\$8,830,000	\$4,605,000	\$3,330,000
Sewer Fund	\$600,000	\$ 700,000	\$ 700,000	\$ZERO	\$ ZERO
Water Fund	\$3,067,000	\$ 5,250,000	\$4,250,000	\$1,250,000	\$1,250,000

Project Types

The Capital Plan is developed to designate projects that will make improvements to City infrastructure. Projects shown in the plan fall into one of the following categories:

- Roads and Drainage – Paving, curb rehabilitation, sidewalk, road reconstruction, and drainage improvements.
- Shoreline – Tide flex valve installation and bulkhead replacement.
- Transportation – Projects related the City’s transit system including buses and bus shelters.
- Public Safety - Improvements to Police and Fire Department assets.
- Buildings – Improvements, construction, and rehabilitation of municipal facilities.
- Grounds – Tree and dune planting as well as fencing
- Parks – Rehabilitation of City parks and playgrounds.
- Equipment – Includes heavy duty motor equipment needed in the various public works departments
- Various – Project related to Economic Development
- Technology – Improvements to City technology systems, such as new computers, records management, police radios, etc.
- Sewer and Water Funds – Projects in this category are for improvements to the City’s Water Distribution System network and sewer collection systems. The Wastewater and Water Treatment Plant are incorporated in this section.

Expenditure Types

The Capital Improvement Plan Funding for three general kinds of expenditures. They are as follows:

- Design and Construction Charges – Represents costs associated with design and/or construction of Capital Assets such as buildings, parks, and roadways.
- Equipment Purchases – Major equipment such as fire trucks, and police department vehicles. Technology equipment is also part of this category.
- Internal Labor and Management Charges – City staff, both in construction and administration plays an important role in advancing a Capital Program. Therefore, these are appropriately included as an acceptable Capital expenditure.

Capital Program Development Process

Each year, the Department of Public Works begins development of the Capital Plan and Program. The four main purposes of the plan are as follows:

1. To direct resources towards the City's strategic priorities. Including the ongoing improvement of the City's infrastructure.
2. To maintain reliable City services through long-term strategic planning rather than short-sighted ad-hoc project approvals characteristic of crisis management.
3. To provide City government officials with a management tool that allows the exploration of options as needs change and new obligations arise.
4. To meet regulatory mandates and laws; and
5. To comply with the constraints, and advance the objectives of the City's operating budget.

The process utilized to develop the Capital Budget and Plan provides for a defined program implementation that is effective. The current plan follows this premise as well. The development process is organized as follows:

- Project Requests – Departments submit project proposals to the Department of Public Works electronically. The request includes a project justification, estimated cost and a description of the work and/or equipment requests.
- Project Prioritization – Within the framework of the City’s operating budget and the constraints of allowable debt, the City allocates Capital resources based on priorities including the following:
 - Health and Safety Risks – Projects to correct existing or potential hazards to the public or to City employees are top priorities.
 - Legal Mandates – Projects may be required to meet obligations of a consent order. For example, improvements to our sewer system, or renovations for compliance with the Americans with Disabilities Act. Other legally mandated projects, such as those required to comply with building codes may not have to be completed on any specific schedule.
 - Impact on the Operating Budget – Potential to enhance revenues or reduce costs makes a project a higher priority, while projects that will result in increased operating costs may become a lower priority.
 - Non-City Funding Sources – The priority of a project increases if City funds can leverage a significant investment of other dollars. This year’s plan for example, call for a significant amount of grant funding which has enabled the City to increase the projects scheduled for the upcoming year.
 - Potential Economic Impacts – Positive impacts for business or community development heighten the priority of a project.

Capital Financing Plan

The City resources available for Capital Projects are limited. Moreover, this administration has worked to conserve financial resources and achieve stability in its operating budget while addressing the City's infrastructure needs. The City is working to maximize Capital Funds available from other sources, such as grants. Capital Improvement Funding Sources are as listed below:

- General Obligation (G.O.) Improvement Bonds – The City is permitted to borrow money from lenders, pledging the full faith and credit of the City to pay principal and interest that is usually supported by the issuer's taxing power. Bond funding current and proposed capital projects includes those issued by the City.
- Prior Year Carryovers – These are budgeted funds from prior years that remain with a project until they are expended or until the project is completed.
- Pay-As-You-Go – Pay –As-You-Go projects are financed from current revenues to avoid incurring debt financing or issuing new debt. However, these funds are not deemed available for Capital Projects unless they are included in the City's Annual Operating Budget and approved by the City Council. Currently, Pay-As-You-Go funding is not utilized. However, the City will gradually transition to annual operating budget allocations for Capital Projects.
- Grants – Certain City Agencies/Departments receive dedicated funds from State and/or Federal sources for specified projects. In some cases, the City receives funding from other sources. Grant providers include:
 - Federal Transit Authority (FTA)
 - New York State Department of Transportation (NYSDOT)
 - New York State Energy and Research Development Authority (NYSERDA)
 - New York Power Authority (NYPA)
 - New York Rising Community Reconstruction Program (NYRCRP)
 - FEMA Public Assistance Program
 - Transportation Investment Generating Economic Recovery (TIGER) Grants
 - Community Development Block Grants (CDBG)
 - State Revolving Fund (SRF)
 - Transportation Assistance Program (TAP)
 - Consolidated Local Street and Highway Improvement Program (CHIPS)

Tables

The following tables are listed below:

- Five (5) year plan overview chart.