



**EAST BAY REGIONAL PARK DISTRICT
BOARD STUDY SESSION – CAPITAL PROJECTS
AGENDA STAFF REPORT**

DATE	October 4, 2024
TITLE	Capital Improvement Projects at the Park District and Development of a Five-Year Capital Improvement Plan
DIVISION	Acquisition, Stewardship, and Development
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BACKGROUND

The East Bay Regional Park District (Park District) develops, builds and maintains facilities within the regional park and trail system to protect natural and cultural resources, serve operational requirements, and support recreational and interpretive uses and activities. Facility development ranges from small projects – such as fences and footbridges across creeks – to large projects including installation and renovation of utilities, construction and repair of roadways and trails, staging areas, service yards, campgrounds, pools, and visitor centers. Additionally, the Park District works on large scale restoration projects that restore damaged ecosystems.

The Park District defines a Capital Project as a major improvement with a useful life greater than one year and a cost that exceeds the capitalization threshold of \$100,000 or more for new buildings, parks, facilities, or major maintenance and \$25,000 for major equipment purchases. Capital Projects are managed by Design & Construction (DECO), Maintenance and Skilled Trades (MAST), and the Trails Program. Historically, Departments submit requests for new projects, programs, and additional funding for existing projects and programs, as part of the annual budget process. The 2024 Adopted Project and Program Budget and 5-Year Expenditure Plan has over 400 active projects and programs with total funding needs of over \$476 Million. While all projects and programs are important, the cost of construction continues to escalate and the resources available to complete projects are limited, making prioritization essential for project delivery.

In August 2022, by Board Resolution No. 2022-08-208, the Park District Board adopted the Capital Project Prioritization (CPP) Policy to assist in prioritizing projects for the development of a five-year Capital Improvement Plan. The Policy identifies specific criteria for capital project prioritization in alignment with the Park District’s mission and vision. This scoring system evaluates projects based on social and geographic equity, habitat and resource conservation, increasing & enhancing access,

climate preparedness, community partnership, operating efficiencies, public and environmental health, multi-beneficial use, infrastructure maintenance, and project readiness. Scores range from 0 – 135 or can be marked as “Essential” if the project is being completed due to a legal, safety, regulatory or other requirement.

During the 2023 Board Study Session, the Board reviewed and discussed each of the Capital Project Prioritization Criteria in detail. It was determined that the next step was for staff to develop a list of priority capital projects, then review and evaluate existing and new projects to determine prioritization scores.

ANALYSIS

Since January of this year, leadership from Acquisition, Stewardship, & Development, Operations, Public Safety and Finance have been meeting regularly to develop a comprehensive list of priority capital projects and complete CPP scoring. The group developed a list of over 200 projects and proposed initial scores. After reviewing the list as a group, staff determined that the scoring does not adequately prioritize support facilities for staff, operations, and public safety as they are not enhancing public access.

DECO’s complete workplan has 60 projects in phases ranging from preliminary design to close out with anticipated project costs of at least \$415 million.

Attachment A is the detailed list of DECO’s Workplan. These are the projects that have some amount of funding and that DECO staff is actively working on. This plan is sorted by current phase of the project and then by the CPP Matrix score. Additionally, this workplan shows the amount of funding, the estimated project cost, and the current funding gap.

Attachment B is the Capital Project Prioritization Scoring Matrix List as of August 2024. This list is sorted by department and CPP Score and attempts to capture all the projects that are pending or desired throughout the Park District and is the result of working cross divisionally to identify needed projects. This list includes all the projects in DECO’s workplan with the exception of those in Construction and Close-Out phases, as those do not need to be ranked for priority as they are currently in construction or near completion. Also, there are certain DECO projects that are asterisked on this list that have funds budgeted, but for various reasons, are not actively being worked on.

Capital Funding Sources and 5-year Capital Improvement Plan

Funding sources available for capital projects include:

- Park District Revenue: General Fund, Measure FF, Major Infrastructure Renovation and Replacement Fund (MIRR), Two County Trails Lighting and Landscaping District (LLD), and East Contra Costa County Lighting and Landscaping District (ECCC LLD).
- Park District Bonds: Measure AA, Measure WW, and Promissory Notes.
- Grants: Private, Local, State and Federal.
- Other: Developer Funds, Gifts, Regional Parks Foundation, and Mitigation Funds.

PARK DISTRICT REVENUE

The General Fund is mainly supported by property taxes. In recent years, the Park District has benefited from very strong property tax growth however, as anticipated, growth has slowed, and based on Operational Budget needs and requirements, General Funds available for Capital Projects will be minimal in 2025. MIRR funding for Capital Projects is estimated to continue at about \$5M per year. Measure FF funding is allocated to specific projects based on a commitment list. Lighting and

Landscaping District funds are primarily used to support operational staffing, however, occasionally they can be used for capital projects. In preparation for the annual budget process, total agency fund needs are reviewed to determine if there are any remaining balances available for Capital Projects.

PARK DISTRICT BONDS

The remaining unappropriated Measure AA funding is designated for Land Acquisition projects. There is about \$1.2 Million of Measure AA interest that is available which will be brought forward for appropriation during the budget request. Attachment C is the Unappropriated Balances for Measure WW funding as of the end of August 2024. Measure WW funds have been appropriated more slowly in recent years, due to restrictions on how these funds were originally allocated. It is imperative that the spending pace for bond proceeds is consistent, in order to meet IRS requirements that proceeds be spent within three years of issuance. All of the 2012 Promissory Note funding has been allocated to projects.

GRANTS

The Park District leverages its own revenue sources and bond funds by obtaining grants and other funding from federal, state, local, and private sources. Obtaining grants for projects can be competitive with specified uses, deadlines, and matching fund requirements. The Park District will continue to seek additional grant funds from outside sources for capital projects. Our current process includes a multi-divisional team, led by the Grants and Legislative staff. This team meets regularly and discusses the capital project funding needs of current and future projects. The team is always seeking to fund projects that have already been identified.

OTHER FUNDING

Direct aid from the Regional Parks Foundation, as well as mitigation agreement revenue and developer property contributions fall into this category. These funds are usually for specific projects as identified by legal agreements.

Funding for capital projects at the Park District has historically been a strategy of requesting the appropriation of funds as the project moves from one phase to the next. Appropriation of funds and transfers occur through Board action. While this approach has allowed for extra time to secure funding, it is problematic because of the absence of an identified funding strategy with a set project budget – it leaves the Park District susceptible to potentially spending valuable resources and time designing and permitting a project only for it to be delayed or put on the shelf if funding is not available.

For this year's budget, the plan is to prepare a Five-Year Capital Improvement Plan that includes the current active project portfolio, estimated funding requirements identifying potential funded and unfunded items. Historically projects have been categorized by Public Access, Infrastructure, and Resource Protection/Enhancement, staff is considering a further differentiation of projects to add more categories such as Support Facilities, Trails, etc. By having the full picture of the capital funding needs over the next 4 years, the Park District will be able to appropriately plan and, if necessary, reallocate funding to avoid shelving shovel-ready projects. The goal is to reevaluate the project list and determine what projects can be added to the Five-year Capital Improvement Plan based on resource availability, both staff to manage the project and funding, annually.

ATTACHMENTS

- A. DECO Workplan
- B. Capital Project Prioritization Scoring Matrix List
- C. Measure WW Funding Status

