



STAFF REPORT

TO: Finance Committee

FROM: Andrea K. Lueker, Harbor Manager
Kristen Stout, Business Manager
Chris Munson, Facilities Manager
Matt Ashton, Chief Harbor Patrol Officer
Linda Hendy, Accountant

DATE: April 11, 2019

SUBJECT: **Fiscal Year 2019/20 Preliminary Budget, review proposed Major Maintenance and Capital Projects & Asset Replacement**

Recommendation / Proposed Motion

- Recommendation: Review first draft of fiscal year 2019/20 Major Maintenance and Capital Projects & Asset Replacement recommendations and provide staff with input on budget development.

Policy Implications

District Policy 3020 and 3022 provide guidance for development of the annual budget.

District Policy 3022 establishes Fiscal Goals for the District.

District Major Objective/Goal

Objective #1 – Keep Harbor functional for boaters

Objective #3 – Ensure efficient and effective facilities to deliver critical District services.

Fiscal Implications / Budget Status

The District's annual budget is the main fiscal planning tool used throughout the year. This is the first draft of the proposed Major Maintenance and Capital Projects & Asset Replacement, which uses \$379,000 in specified reserves and \$1,164,500 in unspecified reserves to fund the proposed maintenance and capital projects.

Alternatives Considered

The following actions were considered but are not recommended at this time:

- None at this time.

Discussion

Staff has prepared the recommended Major Maintenance and Capital Projects & Asset Replacement for the 2019/20 Preliminary Budget. The recommended projects and asset replacements are based upon the discussion and direction of the Commission, required maintenance, necessary infrastructure improvements, District Staff recommendations, as well as the continuation of projects funded for the 2018/19 fiscal year.

Major Maintenance:

1. Abandoned Vessel: \$30,000 grant funded

The Vessel Turn-in Program (VTIP) is funded by the Division of Boating and Waterways. The grant funds may be used for the costs associated with the removal and demolition of recreational vessels. The District will apply for a new grant before April 30, 2019 and is currently utilizing the funds of the previously awarded grant.

2. Avila Beach Restroom Refurbishment: \$12,500 operating reserves

The funds will be used for the partition replacement and other necessary repairs for the restrooms located at the base of the Avila Pier. The partitions were last replaced in 2000 and need replacement due to wear by the public.

3. Avila Pier: \$150,000 operating reserves

The funds will be used to continue with the Avila Pier Rehabilitation Project. The amount funded will be used for the completion of the inspection and assessment of all piles, design drawings for immediate repair, and full repair design drawings. The funding also includes \$25,000 for repair materials for the pier. This project will align the District to then pursue the larger repair project which will eventually enable full access and restoration of capacity.

4. Boom Truck: \$10,000 operating reserves

Annual maintenance of the Boom Truck.

5. Dredging Pump: \$12,000 Dredge reserve

Annual maintenance of the dredge pump.

6. Electronic Documents: \$20,000 operating reserves

The scanning of approximately 40 file boxes. For the past two years, District staff have been reviewing stored documents and evaluating the need to keep (per the Records Retention Policy), and which documents will be scanned as the space used to store documents will no longer be available due to the development of Harbor Terrace.

7. Harford Pier Lumber & Materials: \$85,000 (\$75,000 operating reserves; \$10,000 Building reserve)

Lumber to replace pilings on the Harford Pier for annual maintenance, such as lumber, piles, and screws.

8. District Buildings – Maintenance & Improvements: \$40,000 operating reserves

Funds allocated for the repair of the roof and exterior building painting for the Ice House, currently the building leased by Wilcox Fisheries.

9. Lift Station Maintenance: \$20,000 operating reserves

Funding will be used for the alarms and monitoring of Lift Stations 1, 2, and 3.

10. Mooring Capital Costs: \$40,000 LCM Reserve

Repairs and annual maintenance to the LCM mooring vessel.

11. Parking Lot Maintenance: \$30,000 Facilities Reserve

Funding for the maintenance, repaving, resealing, etc. of the Avila Beach parking lot.

12. Revetment: \$50,000 operating reserves

This will include an assessment of the data to be collected in the proposed 2018/19 scan, creating a repair plan, and preparing construction documents to be used for bidding and grant applications.

13. Water Tank: \$8,500 Water Tank Reserve

Develop the repair and public bid documents.

Capital Projects & Asset Replacement

1. Harbor Terrace Rack Storage: \$10,000 operating reserves

Lumber storage on Harbor Terrace. Harbor yard storage to compensate for the footprint reduction and increased organization. While the Facilities Department intends to pursue a rack, how to best store and protect lumber will not be known until the final layout is seen; so alternative storage methods may be explored.

Note: This asset was funded in the FY19 budget; however, due to delays in the ground breaking of Harbor Terrace, this asset was not purchased.

2. Harford Pier Canopy: \$120,000 (\$60,000 Facilities Reserve; \$60,000 operating reserves)

Funding will allow for the completion of an assessment of the roof as well as providing funds for repairs of the canopy roof. Additional funds will likely be needed for the canopy, but they will not be known until the completion of the assessment.

3. Harford Pier Pile Survey and Load Capacity Analysis: \$100,000 unspecified reserves.

Funding will allow an assessment of the supporting pier structure and how it should be repaired or replaced to allow redevelopment of the terminus.

4. Crane: \$12,500 operating reserves

Annual maintenance and repair of the Crane.

5. Harford Pier Water & Fire Line: \$15,000 *Facilities Reserve*

Maintenance to Harford Pier water and fire line.

6. Harbor Patrol Boat Engines: \$20,000 *unspecified reserves*

Annually, this item is funded to ensure there are funds available if a Harbor Patrol boat experiences an engine failure. An engine failure will greatly impact the operations of the department; therefore, it is imperative there is approved funding to prevent a delay in the replacement of a failed engine.

7. Harbor Patrol Boat 1 Replacement: \$400,000 (*\$50,000 unspecified reserves; \$200,000 grant funding; \$100,000 surplus sale revenue from the existing Boat 1; \$50,000 Harbor Patrol Vessel Repair & Replacement Reserve*)

The Harbor Patrol Department has assessed their vessel needs and determined the specific capabilities each vessel must have to best meet the needs of the department, boating public and commercial fishing fleet. The funding requested is a continuation of the project funded in the current FY19 budget.

8. Harbor Patrol Boat 2: \$60,000 *grant funding*

Replacement of sponsons. The sponsons are ten years old and have been patched multiple times, to extend their lifespan. The replacement sponsons would be foam, which will eliminate the need for patching. The purchase of the replacement sponsons will only take place if grant funding is received.

9. District Staff Landing: \$65,000 *unspecified reserves*

Funding requested is for the continuation of the west side landing project as funded in the current FY19 budget. Installation would allow for more public use of the east side floating dock, as the District and Public Safety would utilize the west side landing instead.

10. Harbor Terrace: \$45,000 (*\$18,600 Harbor Terrace Reserves; \$26,400 unspecified reserves*)

Funding for consultants, construction monitoring, legal, accounting, and marketing for the Harbor Terrace project.

11. Harbor Terrace Project: \$100,000 (*\$82,800 Harbor Terrace Reserves; \$17,200 unspecified reserves*)

Funding for this project is for unforeseen expenses related to the development that have yet been accounted for or determined. While the District does not intend to use this, it is likely that there will be some unaccounted expenses that are not the developer's responsibility and will need to be covered by the District. Any expenses over \$5,000 will be presented to the Board for approval.

12. Harbor Terrace Gear Storage: \$35,000 Facilities Reserve

Infrastructure for new gear storage area (concrete, drainage, lighting, security, etc.) and relocation. *This project was funded in the FY19 budget; however, due to delays in the ground breaking of Harbor Terrace, this funding was not able to be completely spent, the remainder is \$35,000 of the \$60,000 funded in FY19.*

13. Harbor Terrace District Use Area: \$70,000 unspecified reserve

Infrastructure for new District-use area (paved portions, sea trains, etc.) and relocation. *This project was funded in the FY19 budget; however, due to delays in the ground breaking of Harbor Terrace, this funding was not able to be spent.*

14. Mobile Hoist Pier Extension: \$1,300,000 grant funded

The District will reapply for grant funding for this project.

15. Parking Pay Station: \$30,000 unspecified reserves

Funding includes \$25,000 (for the addition of a fourth pay station or technological upgrades for improved efficiency for the end user as well as District staff) for the Avila Parking Lot and \$5,000 for annual maintenance of the existing parking machines.

16. Sea Level Rise Analysis: \$50,000 unspecified reserves

The District must conduct a Sea Level Rise analysis by July 1, 2019, pursuant to AB691. This project was not funded for the current fiscal year as District staff pursued grant funding which was not available. If not funded for FY20, the District will be out of compliance with AB691.

17. Sewer Treatment Plant: \$75,000 (\$17,100 Utility Reserve; \$57,900 unspecified reserves)

The Avila Beach Community Services District owns, operates, and maintains existing wastewater treatment and disposal facilities that presently serve the District. Pursuant to this agreement, the District is responsible for its proportionate share of capital expenditures (35%) at the waste water treatment plant.

18. Water Meter Replacement: \$10,000 unspecified reserves

Funding for this item would allow for the replacement of the District's water meters to continue, approximately 13 meters have been replaced to date. Replacing outdated water meters will ensure the District is recovering the actual costs of water usage from the District's lessees and allow for accurate monitoring of water usage.

19. Underground Storage Tank Replacement: \$40,000 unspecified reserves

The District is required to replace the underground storage tank by 2025. Funding for this project would allow for the preparation of the bid documents for the replacement of the underground storage tank. This is the first step in the process. The preparation of the bid documents will assist in the grant application process in future fiscal years as it is unlikely that grant funds will be available for the bid document preparation.

20. Vehicle Replacement Program: \$40,000 *unspecified reserves*

Funding will allow for the replacement of the Harbor Patrol F250, which will be repurposed to the Facilities Department. Several years ago, the District instituted a District's Vehicle Replacement Program which outlines how and when vehicles are purchased as well as how vehicles are passed down from Department to Department. This vehicle, Harbor Patrol F250, will go to the Facilities Department to replace the Ford Expedition.

Proposed Reserve

Effective FY20, staff recommends the establishment of a *Harbor Patrol Vessel Repair & Replacement Reserve*.

The creation of this reserve account falls in line with already established capital reserve accounts, which are used for the replacement and/or maintenance of a capital asset. Vehicles, vessels, buildings, land, and improvements to land, are examples of a capital asset.

In an effort to have the ability to plan and fund the replacement of Harbor Patrol vessels, the creation of the reserve account will allow for the District to fund the reserve account incrementally from fiscal year to fiscal year; allowing for the replacement of Harbor Patrol vessels, which is critical to the function and operations of the department.

For FY20, staff recommends the initial funding of the *Harbor Patrol Vessel Repair & Replacement Reserve* to be \$50,000, with a subsequent funding of \$40,000 each fiscal year. The lifespan of the Harbor Patrol vessel is approximately 10 years. Currently, Harbor Patrol Boat 1 is 17 years old and must be replaced as it has been used beyond its service life, as it is currently being used. The vessel may have extended service life; however, it no longer meets the standard level of functionality for its assigned use by Harbor Patrol. In addition, the Harbor Patrol vessels are unique as they are emergency response vessels and the engine hours may not be a true representation of their "wear and tear."

The annual funding of \$40,000 would utilize approximately less than 1% of the overall budgeted revenue received by the District.

Conclusion

Currently, staff requests the Finance Committee review the proposed Major Maintenance and Capital Projects & Asset Replacement.

Staff will forward any recommendations and/or comments to the Harbor Commission at the upcoming April 23, 2019, meeting.

- Attachment(s):
1. Major Maintenance & Capital Projects & Asset Replacement
 2. FY20 Budgetary Highlights
 3. Reserve Funding & Use