Council Meeting of
January 10, 2012

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Adopt RESOLUTION approving modifications to the Capital Budget for fiscal year 2011-12

RECOMMENDATION

Recommendation of the City Manager and the Finance Director that the City Council adopt a **RESOLUTION** approving modifications to the fiscal year 2011-12 Capital Budget.

Funding
Funding is available from various Capital Project Funds and Reserves.

BACKGROUND/ANALYSIS

Historically, the Capital Budget has received funding from the General Fund through the "year-end" carryover process, essentially the difference between what the General Fund receives in revenues less fund expenditures. Unfortunately, the General Fund has not produced any "year-end" carryover for the past several fiscal years as revenues underperformed caused by the economic recession.

Staff has been able to fund a limited number of capital projects that require General Funds through the process of closing out projects and re-allocating and exchanging non-general funds for those projects that can qualify for those more restricted fund sources. Staff continues to use the most restricted funds first and reserve General Funds whenever possible. General Funds continue to be limited.

Due to funding limitations, the list of projects before you tonight is not a full 5 year capital plan which historically has been brought before Council. The alternate approach requested departments to submit projects that are more immediate in need. Most of these capital projects are funded by restricted revenue sources such as Measure R, Gas Tax, Prop C funds, etc. Attachment A and B are the list of projects, FEAP and IAP respectively, being recommend for funding sorted by requesting department. Attachment C is a list of projects that are not being recommended at this time.

One unique funding source under review in the budget is the El Camino Training Funds in the amount of $683,000. These are funds received and accumulated as reimbursement of training provided by Fire personnel. Fire has requested that $350,000 be used for construction of additional bays at Fire Stations 2 & 5 for $175,000 each for storing reserve

apparatuses and/or utility response vehicles. The City Manager is recommending in lieu of adding bays, the funds be added to Fire's Apparatus Replacement Fund.

The North Torrance Library McMaster Park Redevelopment project (FEAP 337) is recommended for modification because the original scope of the project relied on receiving $5 million in State Library funding, which is no longer a viable funding source due to the State budget issues. The original project required matching cash from the General Fund; however, the refurbishment of McMaster is underway and the North Torrance Branch Library remodel was completed in December 2011. The recommended modifications to the project will continue this refurbishment with the renovation of the east & west wings of the recreation buildings, which will include a community meeting room as well as space for the North Torrance Police Community room and other hardscape improvements to the park (see FEAP 337) at a cost of approximately $1.9 million.

Once the cost of the modified project is funded, $4.9 million of General Fund monies can be reallocated. Therefore, staff is recommending reallocating $2.1 million to supplement the Economic Development Reserve of which $100,000 will be used to help fund the business incubator project (Attachment D), which meets a goal of the Strategic Plan of providing a supportive environment for entrepreneurial endeavors. Additionally, the City Manager is recommending $2.8 million for a new project to enhance and acquire open space for the City. This will enable the City to have a funded project enabling the City to take advantage of any future opportunities to enhance open space as such lands become available.

Infrastructure Projects for the Water Fund have not been included as staff will return to Council once their plan is finalized and funding has been identified.

Respectfully submitted,

By_____
Eric E. Tsao
Finance Director

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachment: A. Summary of FEAP projects - Recommended
B. Summary of IAP projects - Recommended
C. Summary of Projects – Not Recommended
D. South Bay Entrepreneurial Center
E. Appropriations Resolution

ATTACHMENT A

FACILITIES, EQUIPMENT & AUTOMATION PROJECTS (FEAPS)

SUMMARY BY DEPARTMENT (PROPOSED FEAP PROJECTS) - RECOMMENDED
FISCAL YEAR 2011-12

REQUEST #	FEAP #	PROJECT TITLE	FINANCING SOURCE OPTIONS	ONE-TIME COSTS	ONGOING COSTS OTHERS	PAGE #
CIT						
2011-00276		Public Safety Dispatch Infrastructure Replacement	Radio Comm Replacement Fd Police Computer Replacement Fd	$ 828,000 60,000	$ 20,000	145
TOTAL-CIT				**888,000**	**20,000**	
CITY MANAGER						
2011-00287	FEAP196	CitiCABLE Post Production Suite 3-Future Cable TV Capital Grant 4 of 5 ***Existing Project FEAP196-Additional funding request of $150,000***	Cable & Community Relations	150,000	2,000	173
TOTAL-CITY MANAGER				**150,000**	**2,000**	
COMMUNITY DEVELOPMENT						
2012-00297		Rideshare Application	AQMD Fund	31,000	-	195
TOTAL-COMMUNITY DEVELOPMENT				**31,000**	**0**	
COMMUNITY SERVICES						
2012-00301		Sea Aire Golf Course Irrigation System Replacement	Parks & Recr Open Space Fund	260,000	-	201
2012-00302		Basketball and Tennis Court Resurfacing Project	Parks & Recr Facilities Fund	60,000	-	205
2012-00303		Air Conditioner Installation	Parks & Recr Facilities Fund	60,000	-	209
TOTAL-COMMUNITY SERVICES				**380,000**	**0**	
FIRE						
2011-00271		Apparatus Bay Addition-Fire Station 2-**NOT RECOMMENDED** ***Add $175,000 to the Fire Apparatus Replacement Fund***	El Camino Fire	175,000	-	129
2011-00272		Apparatus Bay Addition-Fire Station 5-**NOT RECOMMENDED** ***Add $175,000 to the Fire Apparatus Replacement Fund***	El Camino Fire	175,000	-	133
2011-00273		Storage lockers for turnouts for the six Fire stations	El Camino Fire	60,000	-	137
2012-00306		Replacement of 12-lead monitor/defibrillators	El Camino Fire	273,000	54,600	225
TOTAL-FIRE				**683,000**	**54,600**	
GENERAL SERVICES						
2011-00277		East Annex Fire Alarm System Repair and Upgrade	General Fund	50,000	3,000	149
2011-00278		Southeast Library Roof ***Note: Transfer $10,000 from FEAP613 (Sur La Brea Roof Replacement) and $17,437 from FEAP457 (Plunge Roof Repairs-already in the Unapprop Account). Net funding needed is $12,563.***	General Fund	40,000	-	153
2011-00280		Flooring for General Aviation Center	Airport Fund	38,500	-	157
TOTAL-GENERAL SERVICES				**128,500**	**3,000**	

FACILITIES, EQUIPMENT & AUTOMATION PROJECTS (FEAPS)

SUMMARY BY DEPARTMENT (PROPOSED FEAP PROJECTS) - RECOMMENDED
FISCAL YEAR 2011-12

REQUEST #	FEAP #	PROJECT TITLE	FINANCING SOURCE OPTIONS	ONE-TIME COSTS	ONGOING COSTS OTHERS	PAGE #
POLICE						
2011-00286		Jail Lock Control Panel	General Fund	60,000	3,000	169
2011-00292	FEAP731	Police Forensics Lab ***Existing Project FEAP731-Additional funding request of $600,000***	Asset Forfeiture-DOJ-Unapprop Police Impact Fee Project General Fund	600,000 26,940 -26,940 600,000	-	181
TOTAL-POLICE				**660,000**	**3,000**	
PUBLIC WORKS						
2011-00264		Trailer mounted pump. 2000 GPM @ 160' Head	Sewer Fund	63,000	1,500	121
2011-00270		GPS Vehicle Tracking,Routing Optimization System for Sanitation Fleet	Sanitation-Refuse	67,000	20,000	125
2012-00305		Madrona Marsh Sump Dredging	Sewer Fund	200,000	-	221
2012-00308		Fixture Replacement at Entradero Park ***Note: Funding from General Fund Street Maintenance Operating budget to be swapped with Prop C***	General Fund	52,635	-	233
2012-00309		Overhead lighting maintenance at City of Torrance owned Parks and City owned properties ***Note: Funding of $128,001 from General Fund - T22 Crenshaw Rehab Project and $21,999 from the General Fund Street Maintenance Operationg budget to be swapped with Prop C***	General Fund	150,000	-	237
2012-00310		Front Loader with Backhoe with extended boom	Water Fund	80,000	7,500	243
TOTAL-PUBLIC WORKS				**612,635**	**29,000**	
GRAND TOTAL-CITYWIDE				**$ 3,533,135**	**$ 111,600**	

SUMMARY FINANCING SOURCE OPTIONS:

Airport Fund	38,500
AQMD Fund	31,000
Asset Forfeiture-DOJ-Unapprop	600,000
Cable & Community Relations	150,000
General Fund	325,695
El Camino-Fire	683,000
Parks & Recr Facilities Fund	120,000
Parks & Recr Open Space Fund	260,000
Police Computer Replacement Fd	60,000
Police Impact Fee Project	26,940
Radio Comm Replacement Fd	828,000
Sanitation-Refuse	67,000
Sewer Fund	263,000
Water fund	80,000
Total Financing Source Options	**$ 3,533,135**

ATTACHMENT B

INFRASTRUCTURE ACTION PLAN PROJECTS (IAPS)

SUMMARY BY DEPARTMENT (PROPOSED IAP REQUESTS) - RECOMMENDED
FISCAL YEAR 2011-12

REQUEST #	IAP #	PROJECT TITLE	FINANCING SOURCE OPTIONS	AMOUNT	PAGE #
COMMUNITY DEVELOPMENT					
2011-00040		Downtown Torrance Pedestrian Improvement Project	Gas Tax 2105	325,000	
			Redev Agency-Downtown	100,000	
			MTA Grant	793,000	
				1,218,000	7
2011-00046	A 017	Hawthorne Blvd. (Del Amo Blvd.-Torrance Blvd.) Median Landscaping ***Existing Project A017-Additional funding request of $575,000***	Prop C Local Return Fund	575,000	27
2011-00047		Pacific Coast Highway Median Landscaping	Prop C Local Return Fund	55,000	37
2012-00065		Sartori Avenue Decorative Lighting	Redev Agency-Downtown	100,000	93
2012-00066		Meadow Park Parking Lots - resurface parking lots	Airport Fund	190,000	97
TOTAL-COMMUNITY DEVELOPMENT				**2,138,000**	
PUBLIC WORKS					
2011-00041		FY2011-12 Slurry Seal Program ***Note: $316,253 is for city facilities. Funding from T22 (Crenshaw Rehab Proj) $306,638 from T22-4017 and $9,615 from T22-4404)***	Gas Tax 2105	1,400,000	
			Construction Fd-Fr T22-4404	9,615	
			General Fund-Fr T22-4017	306,638	
				1,716,253	11
2011-00043		Crenshaw Boulevard Rehabilitation (Sepulveda Blvd to Skypark Dr & Pacific Coast Highway to south City limit)	Measure R Local Return	3,570,000	15
2011-00044		Palos Verdes Blvd Rehabilitation (Pacific Coast Highway to south City limit)	Prop C Local Return Fund	2,090,000	19
2011-00045		Madison Street and Skypark Drive Rehabilitations	Prop C Local Return Fund	1,360,000	23
2011-00051		Crenshaw/Lomita Rehabilitation (Joint Project with City of Lomita)	Gas Tax 2103	148,000	41
2011-00052		Bridge Preventative Maintenance Program	Highway Bridge Program	174,000	
			Gas Tax 2103	26,000	
				200,000	52
2012-00055		Torrance Bridge Beautification and Maintenance ***Note: Funding from General Fund-Street Maintenance operations to be swapped with Prop C***	General Fund	125,000	49
2012-00056		Airport Pavement Maintenance Program	Airport Fund	1,117,440	53

INFRASTRUCTURE ACTION PLAN PROJECTS (IAPS)

SUMMARY BY DEPARTMENT (PROPOSED IAP REQUESTS) - RECOMMENDED
FISCAL YEAR 2011-12

REQUEST #	IAP #	PROJECT TITLE	FINANCING SOURCE OPTIONS	AMOUNT	PAGE #
2012-00058		Residential Street Rehabilitation Program	Gas Tax 2106 Fund	1,520,000	63
2012-00059		Traffic Signal Left Turn Phasing Upgrades	Measure R Local Return	650,000	67
2012-00063		Study and Preliminary Design for Intersection Improvements of Crenshaw & 182nd Street and their intersections with/at I405-Freeway	Measure R Local Return	300,000	77
2012-00069		190th Street Rehabilitation (Prairie Ave to Hawthorne Blvd)	Prop C Local Return Fund	770,000	117
TOTAL-PUBLIC WORKS				**13,566,693**	
GRAND TOTAL-CITYWIDE				**$ 15,704,693**	

SUMMARY FINANCING SOURCE OPTIONS:	
Airport Fund	1,307,440
Gas Tax 2103 Fund	174,000
Gas Tax 2105 Fund	1,725,000
Gas Tax 2106 Fund	1,520,000
General Fund	431,638
Construction Fund	9,615
Highway Bridge Program	174,000
Measure R Local Return	4,520,000
MTA Grant	793,000
Prop C Local Return Fund	4,850,000
Redev Agency-Downtown	200,000
Total Financing Source Options	**$ 15,704,693**

ATTACHMENT C

PROPOSED PROJECTS (FEAPS AND IAPS) - NOT RECOMMENDED

FISCAL YEAR 2011-12

REQUEST #	FEAP/IAP #	PROJECT TITLE	REASONS FOR NON-RECOMMENDATION	FINANCING SOURCE OPTIONS	PROJECT COSTS	ONGOING	PAGE #
FACILITIES, EQUIPMENT & AUTOMATION PROJECTS (FEAPS)							
FIRE							
2011-00271		Apparatus Bay Addition at Fire Station 2	Use funds for purchase of new apparatus	El Camino-Fire	$ 175,000		129
2011-00272		Apparatus Bay Addition at Fire Station 5	Use funds for purchase of new apparatus	El Camino-Fire	175,000		133
2012-00304	FEAP302	Fire Station 4 Remodel ***Existing Project FEAP302-Additional funding request of $1,020,400***	Funding not available	General Fund	1,020,400		213
POLICE							
2011-00275		Upgrade UPS at Police Department	Deferred	General Fund	350,000	$ 8,000	141
2011-00284		Spillman Server Upgrade	Deferred	General Fund	120,000		161
2011-00285		Spillman Server Storage	Deferred	General Fund	19,500		165
2011-00293		Video Security	Deferred	General Fund	260,000	10,000	189
INFRASCTRUCTURE ACTION PLAN PROJECTS (IAPS)							
PUBLIC WORKS							
2012-00057		Quiet Zone along BNSF Railway from Torrance Blvd to Sepulveda Blvd	No funding available	CDBG Fund General Fund Measure R Local Return MTA Grant Prop 1B Fund	13,526,220		57
2012-00062		Intersection Improvements – Hawthorne Blvd. & Pacific Coast Highway	No funding available	Measure R Local Return	19,600,000		71
2012-00064	I108	North Torrance Well Field-Program ***Existing Project I108-Additional funding request of $14,100,000***	Incorporate into Water Capital Project Plan	Water Bond	14,100,000		81
2012-00067	I074	Water Main Replacement, Northwest Torrance ***Existing Project I074-Additional funding request of $3,200,000***	Incorporate into Water Capital Project Plan	Water Fund	3,200,000		101

ATTACHMENT D

The South Bay Entrepreneurial Center (SBEC)

One Line Pitch: A new model business innovation center and incubator to grow business & employment in the South Bay Community

Business Summary: The South Bay Entrepreneurial Center provides a venue in which new business will be nurtured by support services such as shared facilities, professional collaboration, opportunities to meet and attract investment capital and resources. The SBEC will produce healthy firms that are ready for sale or investment and which create jobs, strengthen the economy, and revitalize the community.

Management: The SBEC management team, directors and collaborators have a diverse technical, management, incubator, government, service providor, entrepreneur and investment background with proven success in their fields & careers. They have volunteered their time to come together and build a world class center for entrepreneurial growth in the South Bay community.

Customer Problem: There are thousands of new businesses starting (and closing) each year in the South Bay. The business incubator concept has a proven track record with 89% of businesses lasting 5 years or longer if incubated!

Product/Services: The SBEC will be a total resource for new businesses offering reasonable cost office space, business networking, access to capital/financing, coaching/mentoring from seasoned professionals and an opportunity to collaborate with other early stage companies facing similar problems and challenges.

Target Market: The SBEC will be appropriate for pre-revenue and early stage companies looking for a location & resuorces to help them be successful. The SBEC will be an R&D hub for local businesses, an entrepreneurial training center, community resource (SBDC, Chambers, City growth programs), angel, VC and alternative funding resource.

Customers: Toyota, Honda, GM and various other commercial businesses have expressed interest in supporting a local R&D center. Health, internet and technology industries are prime prospects in the South Bay.

Sales/Marketing Strategy: The SBEC is a 501.3c non-profit educational corporation and will work very closely with local, state and federal government entities to develop a client base. We will also work in harmony with the major corporations in the South Bay to help in their new product development efforts by supporting relevant early stage companies. We will be involved with investor groups (Monday Club, angel groups, VC's) to provide support for deal flow companies.

Company Profile:
URL: www.inprogress.com
Industry: Business Products and Services
Employees: 0
Founded: July 26, 2011

Contact:
Mike Grimshaw
mike@thegrimshawgroup.com
Work: 310-541-7946o
Fax: 310-930-3094c

Financial Information (USD):
Company Stage: Product In Development
Previous Capital: 2,000
Monthly Net Burn: 0
Pre-money Valuation: 0
Capital Seeking: 500,000

Additional Information: Funding amount and sources are still being determined.

Management:
Mike Grimshaw, President
John Rosati, Vice President - Technology Officer
Russ LeFevre, Vice President - Technology Officer
Lee Petillon, Chairman & Secretary
Open , CFO

Advisors:
Lawyer: Lee Petillon
Accountant: Open

Investors:
Mike Grimshaw
Lee Petillon

Referred By:
Mike Grimshaw

Business Model: Sustainability, no government funding and location will dictate that our business model be financially viable right from the start. We are looking at charging per work station and for auxilliary services.

Competitors: Our main competitors will be the kitchen table, garage and ignorance of our existance!

Competitive Advantage: The SBEC will have the support of the local business and government community to help establish successful new businesses in the South Bay and to grow employment. Barriers to entry will be a strong SBEC team!

ATTACHMENT E

RESOLUTION NO. 2012-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE ESTABLISHING THE ANNUAL APPROPRIATION FOR THE CITY'S 2011-12 CAPITAL BUDGET

WHEREAS, the City Manager of the City of Torrance, does hereby submit to the City Council for the fiscal year 2011-12 a City capital budget which consists of:

	FEAP*	IAP**	TOTAL
Airport Fund	$ 38,500	$1,307,440	$ 1,345,940
Air Quality Management Fund	31,000	-	31,000
Asset Forfeiture Fund	600,000	-	600,000
Cable & Community Relations Fund	150,000	-	150,000
El Camino (Fire) Fund	683,000	-	683,000
Gas Tax Fund	-	3,419,000	3,419,000
General Fund	395,623	-	395,623
Highway Bridge Program	-	174,000	174,000
Measure R Local Return	-	4,520,000	4,520,000
MTA Grant	-	793,000	793,000
Parks & Recreation Facilities Fund	120,000	-	120,000
Parks & Recreation Open Space Fund	260,000	-	260,000
Police Computer Replacement Fund	60,000	-	60,000
Police Impact Fee Fund	26,940	-	26,940
Proposition C Funds	-	4,850,000	4,850,000
Redevelopment Fund	-	200,000	200,000
Radio Communications Replacement Fund	828,000	-	828,000
Sanitation Enterprise Fund	67,000	-	67,000
Sewer Enterprise Fund	263,000	-	263,000
Water Enterprise Fund	80,000	-	80,000
Other – Construction Fund	-	9,615	9,615
TOTAL	$ 3,603,063	$ 15,273,055	$ 18,876,118

* Facilities, Equipment, Automation Plan
** Infrastructure Action Plan

SECTION 1

That the City Manager may make any adjustments within the total capital budget allocations as deemed desirable and necessary during the fiscal year in order to meet the City's needs, goals and objectives.

Introduced, approved and adopted this 10th day of January 2012.

_____
Mayor of the City of Torrance

ATTEST:

_____
City Clerk of the City of Torrance

APPROVED AS TO FORM:

JOHN FELLOWS III
CITY ATTORNEY

By _____
Patrick Q. Sullivan
Assistant City Attorney