



May 8, 2020

**TO:** CADA Board of Directors

**SUBJECT:** May 15, 2020, Board Meeting  
AGENDA ITEM 6  
FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP) NEEDS  
ASSESSMENT

**CONTACT:** Tom Van Syoc, Facilities Manager  
Frank Czajka, Construction Manager

**RECOMMENDATION:** For review and information only.

### **CIP STATUS REPORT AND 5-YEAR CIP NEEDS ASSESSMENT**

Once each year, in May, CADA staff prepares a Capital Improvement Program (CIP) Status Report and 5-Year Needs Assessment and presents it to the Board. This timing allows the Board to consider staff's June budget proposal taking into consideration the physical needs of CADA's building stock.

The CIP Program Status Report and Needs Assessment reports on completed, current, and proposed major maintenance, rehabilitation and construction improvements to CADA-managed properties within the Capitol Area. Work typically consists of improvements to residential, commercial, parking, landscape and infrastructure that CADA staff's field assessments and CADA strategic planning have identified as being necessary.

The report can be found in **Attachment 1**. The report is summarized below.

### **Status of Budgeted CIP Projects**

Budgeted projects are shown in the first three shaded columns of Attachment 1, labeled "Current Budget 2017/18, Current Budget 2018/19, and Current Budget 2019/20." CADA's multi-year capital budgeting process provides for fiscal year budgets to remain open for 3 years so, at any given time, the CIP Status Report and Needs Assessment includes fiscal year budgets for three years. The CIP Status Report is a working tool that enables staff to keep track of the status of the various projects and is presented to the Board to report on project status and show the level of investment in individual buildings during those three fiscal years.

In the columns marked "Completed," the completed projects for each fiscal year starting in FY 17/18 are shown with the expenditures to date. The open projects remaining to be finished are shown in the "Open" columns. The report presents the following information about each budgeted project:

- Project Address
- Scope of Work

- Budget Spent ("Completed")
- Budget Remaining ("Open")

CADA's current CIP priorities include window replacement, roof repairs and replacement, dry-rot repair, electrical service upgrades, exterior painting and general carpentry. These repair priorities reflect the continued aging of CADA's 50 apartment buildings and 21 commercial spaces and CADA's efforts to modernize building systems and make them more energy and water efficient.

As illustrated in **Table 1** below, to date CADA has completed \$1,243,710.66 in CIP projects budgeted within Fiscal Years 17/18 through 19/20 out of a budget of \$3,491,892.00, leaving \$2,248,181.34 in open projects.

**Table 1 – Budgeted\_CIP Projects Status Report Summary for FY 17/18 through FY 19/20\***

	FY 17/18 CIP Budget		FY 18/19 CIP Budget		FY 19/20 CIP Budget		Grand Total
	Completed	Open	Completed	Open	Completed	Open	
General Fund	346,285.27	103,714.73	118,352.39	973,347.61	596,099.00	849,093.00	2,986,892.00
Special Mgt.	-	-	-	-	182,974.00	322,026.00	505,000.00
<b>TOTAL COMPLETED</b>	<b>346,285.27</b>		<b>118,352.39</b>		<b>779,073.00</b>		<b>1,243,710.66</b>
<b>TOTAL OPEN</b>		<b>103,714.73</b>	<b>-</b>	<b>973,347.61</b>	<b>-</b>	<b>1,171,119.00</b>	<b>2,248,181.34</b>
<b>GRAND TOTAL (COMPLETED AND OPEN)</b>	\$450,000.00		\$1,091,700.00		\$1,950,192.00		<b>\$3,491,892.00</b>

*\*Note: Expenses are indicated as projects are initiated, rather than invoiced, and therefore the project budgets may not match the financial reports due to timing differences from the start of project to invoicing.*

CADA's Construction Manager, Frank Czajka, and his supervisor, Tom Van Syoc, CADA's Facility Maintenance Manager, are continuing to close the gap between completed and open projects. The Maintenance Department is focusing on routine maintenance, time-critical CIP projects such as dry rot repair at 17 Street Commons and other CADA's buildings where dry rot has become an issue; several roofs have been replaced or repaired while others have been identified to be replaced; and water and energy conservation upgrades have been made when apartments have become vacant.

### **Utility Monitoring**

Staff currently is using a utility tracking and benchmarking software package known as WegoWise that has:

- Helped reduce costs through managing utility usage
- Reduced the labor costs of collecting and managing utility bill information by shifting to electronic invoicing and bill payments
- Prioritized Retrofit Savings Opportunities through assessing which buildings will realize the strongest return on investment from conservation measures and retrofits
- Identified spikes in usage and cost, equipment failure, and utility billing errors

Since proceeding with WegoWise, we have been able to closely monitor utility usage and improve CADA's conservation efforts by quickly identifying spikes in usage and cost of utilities. This capacity has helped CADA to identify faulty equipment, leaks, etc. which has resulted in significant reductions in utility usage, including water, for example, in buildings with broken irrigation systems.

### **Other Projects**

The Maintenance Department's new Computerized Maintenance Management System (CMMS) has streamlined management of maintenance work orders and simplified the process of monitoring the status of open work orders. Most maintenance staff members are using their smartphones to access and manage their work orders. Going forward, staff is working toward loading preventative maintenance tasks into the system to generate reminders to Maintenance Department management staff concerning when preventative maintenance of building systems needs to be performed. In 2020, staff is exploring how to use the system to allow residents to submit work orders to Maintenance via the web-based Maintenance Connection portal. Maintenance also plans to use the system to maintain an inventory of parts, equipment and building materials the Maintenance Department has in stock and needs to purchase. Overall, the system will help staff make good data-driven business decisions for maintenance and equipment purchasing. CADA's Construction Manager, Frank Czajka, is continuing to oversee the evolution of the new system.

### **5-Year CIP Needs Assessment**

Facilities Maintenance Manager Tom Van Syoc has recently completed exterior inspections of CADA residential properties with the Resident Services Representatives assigned to each building. These inspections were undertaken in an effort to more proactively identify and correct deficiencies and improve the appearance of CADA's properties. The inspection results were used to adjust the 5 year CIP assessment. See **Attachment 2, CIP - 2020 & Beyond**.

**Table 2** below summarizes the 5-Year Needs Assessment for CADA's 50 apartment buildings and projected future Capital Improvement Program (CIP) spending the buildings will require. It reflects proposed spending of \$10,292,356.00 over the next five years, starting with FY 20/21 which begins on July 1, 2020 and running through FY 24/25. The majority of this need (\$8,395,967.00 of the \$10,292,356.00) is for General Fund buildings. The remaining \$1,896,389.00, is for Special Management Program buildings, which are buildings CADA operates under affordable housing regulatory agreements with various state and local public agencies. CIP projects for the succeeding five years provide the basis for future budgetary planning and consideration. Details of the future projects are shown in the **Attachment 2, CIP 2020 & Beyond**.

**Table 2 – Five-Year CIP Needs Assessment Summary of Proposed Expenditures**

	FIVE YEAR CIP NEEDS ASSESSMENT					
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Total
General Fund	1,792,742.00	1,879,147.00	2,351,320.00	1,332,750.00	1,040,008.00	8,395,967.00
Special Mgt.	572,944.00	369,622.00	574,622.00	130,358.00	248,843.00	1,896,389.00

<b>GRAND TOTAL</b>	<b>2,365,686.00</b>	<b>2,248,769.00</b>	<b>2,925,942.00</b>	<b>1,463,108.00</b>	<b>1,288,851.00</b>	<b>10,292,356.00</b>
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Similar to the priorities reflected in **Attachement 1 - FY 2019-2020 CIP Status Report**, the CIP Needs Assessment reflects a focus on upgrading aging building systems.

The projected five years' needs will become the basis for budget preparation in 2020 and each year thereafter. The FY 20/21 numbers shown above reflect the budget that staff will be asking the Board to approve at the June Board meeting.

Facilities Maintenance Manager Tom Van Syoc has recently hired a renovation specialist crew to be utilized on CIP projects. This in-house crew will help CADA save money over the coming years by completing many of the need CIP projects without the need to hire outside contractors. The planned projects are shown below in **Table 3**.

**Table 3 – Five-Year CIP Needs Assessment Summary of Proposed Expenditures utilizing the Renovation Specialist Crew**

	<b>FIVE YEAR CIP NEEDS ASSESSMENT – (In-house Crew)</b>					
	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>	<b>Total</b>
General Fund	1,124,412.00	1,384,099.00	1,619,330.00	1,035,234.00	585,520.00	5,748,595.00
Special Mgt.	406,580.00	547,227.00	531,371.00	214,861.00	144,755.00	1,844,795.00
<b>GRAND TOTAL</b>	<b>1,530,992.00</b>	<b>1,931,326.00</b>	<b>2,150,701.00</b>	<b>1,250,096.00</b>	<b>730,275.00</b>	<b>7,593,390.00</b>

## **POLICY**

Staff presents the Five-Year CIP Needs Assessment to the Board annually for information and discussion to ensure that these needs are appropriately and adequately addressed during the annual and mid-year budgeting processes. The Board approves the CIP budget for the upcoming fiscal year in June. This budget remains open for 3 years to allow sufficient time to prepare scopes of work, prepare and issue bid packages, obtain bids and complete the work.

The overarching CIP strategy is to preserve, maintain and enhance existing structures unless building obsolescence or development strategies dictate otherwise. Reinvestment decisions should be consistent with the State Capitol Area Plan and the CADA Strategic Plan. Preventative maintenance and preservation of existing structures through appropriate maintenance are also consistent with state and general public policy regarding sustainable development. To the extent possible, this type of preservation of materials and avoidance of demolition of structures reduces landfill and material waste. All CIP projects are designed and constructed in compliance with current building codes and regulations, including California energy efficiency standards and regulations.

## **FINANCIAL IMPACTS**

Current and estimated future financial impacts are shown in Tables 1, 2, & 3 above.

## **STRATEGIC PLAN**

Preparation of the CIP Status Report and the CIP Needs Assessment advances the Strategic Plan goal of “Providing Mixed-Income housing with Superior Property Management” and the Key Priorities of Improving Environmentally Sustainable Practices, Community Stewardship and Fiscal Responsibility

## **ENVIRONMENTAL REVIEW**

The recommended action does not require CEQA review or certification.

## **CONTRACT AWARD CONSIDERATIONS**

Construction contracts that will be executed in the implementation of the CIP Program will be bid and awarded in accordance with CADA’s Contract Policy and Outreach Procedures.

Attachments:

1. FY 2019-2020 CIP - Status Report
2. CIP – 2020 & Beyond