

City of Hesperia STAFF REPORT



DATE: January 18, 2022

TO: Mayor and Council Members

FROM: Nils Bentsen, City Manager

BY: Rachel Molina, Assistant City Manager
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SUBJECT: Capital Improvement Project Prioritization

RECOMMENDED ACTION

It is recommended that the City Council receive and file this report.

BACKGROUND

At the December 21, 2021 City Council Meeting, the City Council requested an item be agendaized for a presentation on Capital Improvement Project (CIP) prioritization along the freeway corridor and Main Street. It was requested that the presentation include information about land-use designations along the freeway corridor north of Main Street, as well as information about proposed freeway interchanges. The information presented herein is for General Fund projects and does not include CIP projects for the Hesperia Water District.

Eucalyptus Interchange

In 2005, the City of Hesperia and City of Victorville jointly funded the preparation of a Project Study Report/Project Development Study, which was the first phase study report needed to justify a new interchange at this location. In 2005, 2006, and 2007, the Eucalyptus Interchange was included in the City's Legislative Priorities document and federal funding had been requested. In 2007, the City of Victorville's representative to the local transportation authority reversed their support of the project in favor of the Nisqualli/La Mesa Interchange.

After Victorville withdrew their support, it was determined that this project was infeasible and the City redirected efforts to other areas of need, including the Ranchero and Muscatel Interchanges. In the 15 years since the Eucalyptus Interchange Project Study has been completed, transportation and circulation needs, as well as proposed development have shifted markedly. The 2007/2008 recession, the changes in online shopping habits of consumers, and the influx in residential development throughout the west side of Hesperia have contributed to staff identifying other alignments of priority over Eucalyptus. For these reasons, City staff no longer recommends prioritization of this improvement.

Muscatel Interchange

In 2007, prioritization shifted from the Eucalyptus Interchange to the Muscatel Interchange. Located between Ranchero Road and Main Street, this site is entirely within the City of Hesperia jurisdiction. The location was deemed to be desirable because of the proximity to housing on the

west side, as well as the being conveniently located along a vital commercial corridor. With the subsequent recession, this project was reprioritized in the budget in favor of the Ranchero Corridor Projects. There is currently no funding identified for engineering or construction of this project.

Mojave Street Interchange

The proposed Mojave Street Interchange is located approximately 1 mile south of the Eucalyptus Street Interchange. The current land uses surrounding the Mojave Street Interchange consist primarily of vacant land. The existing Southern California Edison power line runs in a northwest to southeast direction and crosses Mojave Street approximately 700 feet west of the 15 freeway. The General Plan Land Use Map designates the north and south side of Mojave Street as Regional Commercial (RC). There is currently no funding identified for engineering or construction of this project.

Alternative Interchange Alignments

Because of the aforementioned changes to circulation needs directly related to the patterns of development across the Hesperia, a preferred alternative interchange alignment of Mesa Street, between Main Street and Bear Valley, is in preliminary discussions; funding to study alternate alignments has not been identified. It should be noted that this alternative is not identified in the City's Circulation Element of the General Plan.

As alternative alignments are discussed, important considerations have continued to include: increased interest in residential development north of Main Street and the resulting traffic congestion. Additionally, plans for the construction of a hospital and potentially a trauma center on the west side of Interstate 15 (I-15) between Main Street and Bear Valley Road are being considering with respect to alternate alignments that best meet the needs of Hesperia residents and businesses.

Main Street Widening and Aqueduct Bridge Construction Project

To improve circulation, Main Street will be widened from the I-15 freeway to Eleventh Avenue from four lanes to six lanes with center turn lanes and an additional aqueduct bridge adjacent to the existing bridge will be constructed consistent with the California Department of Water Resources (DWR) bridge requirements. The widening will achieve the ultimate configuration of Main Street which is classified as a Major Arterial Roadway in the City's Circulation Element of the General Plan. This Project is identified on the San Bernardino County Transportation Authority (SBCTA) 10-year plan for projects the City intends to construct in the next decade. The City is responsible for nearly 59% of the project costs, with SBCTA providing the remainder of the funding. This project is considered one of the City's highest priority project, as identified in the City Council adopted 2021 Legislative Priorities document.

Other Capital Improvement Project Priorities

There are several priority projects in Hesperia for which funding is needed, including:

- I Avenue Corridor Enhancement Plan –estimated project costs \$53 million
- Sultana, Muscatel, and Cedar Street Improvements – estimated project costs \$21.4 million
- Bear Valley Road Rehabilitation – estimated project costs \$3.8 million
- North-South Corridor Improvements Study – estimated project costs \$0.5 million
- Traffic Signal Installation at two intersections – estimated project costs \$1.3 million

Additional information on these projects will be included in the 2022 Legislative Priorities document presented for City Council consideration in February 2022.

ISSUES/ANALYSIS

Funding Considerations

Project funding remains an obstacle to the design and construction of Capital Improvement Projects. The estimated project cost for each Freeway Interchange Project is \$60 million. For the Main Street Project Widening and Aqueduct Bridge Project, the total project cost is \$18.9 million for Main Street widening and \$10.1 million for aqueduct bridge construction. The City intends to deliver the project in three (3) phases with each phase totaling about \$10 million.

In April 2014, the City entered into an \$18,762.403 variable interest loan from San Bernardino County Transit Authority (SBCTA) for the construction of the Ranchero Road Interchange, with the first annual payment due March 2019. The City committed its transportation Developer Impact Fees (DIF) to pay the annual principal amount is \$1,876,240. It should be noted that the interest on the loan is determined by the Local Agency Investment Fund (LAIF). LAIF is an investment portfolio maintained by the State Controller and where the City currently invests its funds.

As of July 01, 2021, the City owes \$13,133,682 on the loan and has seven years remaining of the ten-year note (final payment due during March 2028). With the current transportation DIF rate of \$9,952 per single family residential (SFR) unit, the City will need 189 homes built annually to meet the debt service requirement. Over the course of seven years, this equates to approximately 1,300 homes.

The following table details the actual SFR permits received and the amount available after the debt service is factored:

	2021-22		
	2019-20	2020-21	Budget
Annual SFR Permits	239	295	300
Needed for Debt Service	189	189	189
Remaining for DIF Prefects	50	106	111
Dollar Value of Project	\$ 497,600	\$ 1,054,912	\$ 1,104,672
Cumulative	\$ 497,600	\$ 1,552,512	\$ 2,657,184

Notes:

1 -DIF is identified as funding source for the Ranchero Road Project

FISCAL IMPACT

There is no fiscal impact associated with this discussion.

ATTACHMENT(S)

None