



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 6/2/2011

Report Type: Staff/Discussion

Title: 2011-2016 Capital Improvement Program and Supplemental Budget Information

Report ID: 2011-00436

Location: Citywide

Recommendation: 1) Review the 2011-2016 Proposed Capital Improvement Program (CIP) and upon conclusion adopt an intent motion to approve as amended; and 2) Receive Supplemental Budget Information.

Contact: Leyne Milstein, Finance Director, (916) 808-8491; Dawn Holm, Principal Management Analyst, (916) 808-5574, Department of Finance

Presenter: Dawn Holm, Principal Management Analyst, Finance Department, (916) 505-5574

Department: Finance

Division:

Dept ID:

Attachments:

- 1-Description/Analysis
 - 2-Attachment 1
 - 3-Attachment 2
 - 4-Attachment 3
 - 5-SBI 24
-

City Attorney Review

Approved as to Form
Larry Duran
5/26/2011 2:49:32 PM

Department Director or Designee: Leyne Milstein - 5/26/2011 2:32:42 PM

Assistant City Manager: Patti Bisharat - 5/26/2011 2:39:32 PM

Description/Analysis

Issue: The 2011-2016 Proposed CIP is a five-year expenditure plan with a financial strategy that addresses the City's current and future fiscal needs related to capital projects with a proposed one-year CIP budget appropriation recommendation for FY2011/12. Capital projects include procurement, construction, or installation of facilities and equipment that will have a useful life of at least five years and have a cost in excess of \$20,000. The Proposed CIP as delivered on April 29 includes:

- The FY2011/12 CIP totals \$56.5 million from all funding sources (\$3.3 million from the General Fund), which will fund 157 projects; and
- A five-year expenditure plan totals \$214.8 million from all funding sources (\$21.0 million from the General Fund), which will fund 191 projects.

The 2011-2016 Proposed CIP is available for review at <http://www.cityofsacramento.org/budget>. The Proposed CIP maximizes as many available capital resources as possible including the identification of alternative funding opportunities while limiting General Fund contributions to projects/programs, leveraging existing City resources with grant funds, and closing completed projects and returning remaining funds to the appropriate fund balance.

Two additional projects have been identified for inclusion in the FY2011/12 CIP:

- **Parks and Recreation Program**

Glenbrook Park and River Access and Oki Park Improvements (L19220000) - establish a new CIP for park improvements to be funded by a transfer from Council District 6 cell tower accounts in the amount of \$170,000.

- **Utilities Program**

Community Facilities District (CFD) 97-01 Improvements (W14121100) – establish a new CIP to make improvements in CFD 97-01 North Natomas comprehensive drainage system: including Pump station 1B, the main drain canal, and basins. Funding for the project is coming from fund balance from existing assessment district funds (\$715,649) and transfers from other North Natomas (NN) drainage projects (\$350,640). In addition, a new pay as you go construction assessment (\$2 million) will require the establishment of a new City capital fund which will be used for identified projects within the North Natomas Comprehensive Drainage Plan (NNCDP).

Attachment 2 provides a summary of the projects and proposed funding adjustments.

In addition to the CIP, this report provides supplemental budget information (SBI) requested during previous budget hearings. An index of the questions received to date is included as Attachment 3, followed by responses. Additional information will be provided during subsequent budget hearings as the information is completed.

Policy Considerations: The 2011-2016 Proposed CIP is consistent with Council's adopted policies and plans, which include the City's Transportation Programming Guide, Utility Master Plans, Parks and Recreation Master Plan, and the Parks and Recreation Programming Guide.

Additionally, the projects included in the CIP have been reviewed for consistency with adopted City Council policies and master plans.

Environmental Considerations: California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the CEQA [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)]. Environmental review under the CEQA for any project has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate.

Sustainability: City Departments are continuing efforts to identify areas to "Go Green" and utilize performance contracting in an effort to make capital improvements to City facilities that will ultimately result in a significant reduction in greenhouse gas emissions. Staff will continue to identify opportunities to support the City's sustainability efforts through use of environmentally safe materials and construction practices.

Commission/Committee Action: The Planning Commission has reviewed the Proposed CIP and has found it consistent with the City's General Plan as required by Section 65401 of the California Government Code.

Rationale for Recommendation: The 2011-2016 Proposed CIP is consistent with and supports the City's goals of budget sustainability and fiscal responsibility.

Financial Considerations: In an effort to address the City's current fiscal challenges, the 2011-2016 Proposed CIP maximizes as many available funding sources as possible. It includes defunding of excess funds in existing CIPs as well as new funding, reduced funding levels for annual projects, and transfer of funds to higher priority projects for existing programs and projects.

The 2011-2016 Proposed CIP including the amendments identified in Attachment 2 includes 193 projects totaling \$218 million from all funding sources. The Proposed FY2011/12 capital budget as amended includes the appropriation of \$59.7 million from all funding sources, which includes \$3.5 million from the General Fund. The proposed funding reflects the City's continued efforts to provide needed capital improvements within the limits of available funding.

Emerging Small Business Development (ESBD): Not Applicable.

Attachment 1

General Plan Consistency Finding



COMMUNITY DEVELOPMENT
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

300 RICHARDS BLVD. 3RD FLR
SACRAMENTO, CA
95811-0218

MEMORANDUM

Date: May 13, 2011
To: Mayor and Councilmembers
Cc: Dawn Holm, Principal Management Analyst, Finance Department
From: David Kwong, Planning Director 

SUBJECT: FY 2011/16 CIP – Planning Commission’s Finding of Consistency

Sacramento City Code Section 2.112.060 requires the Planning Commission to review the City’s 5-year Capital Improvement Program (CIP) for consistency with the City’s General Plan and to report its finding to the City Council. On May 12, 2011, the Planning Commission conducted this review and found the FY 2011/16 CIP to be consistent with the Sacramento 2030 General Plan.

Attachment 2

2011-2016 CIP Technical Adjustments

New Projects

Amendment to CIP Budget - Establish New Capital Improvement Program (CIP)

| Project Number | Project Name | Description |
|----------------|--|---|
| L19220000 | Glenbrook Park and River Access and Oki Park Improvements | Establish a new CIP for installation of a fabric shade canopy over the playground equipment and restroom improvements including the addition of privacy screening at Glenbrook Park, the installation of a fabric shade canopy over the playground equipment at Oki Park and the installation of a decomposed granite walkway loop with infrastructure for volunteers to plant a garden at the Glenbrook River Access. |
| W14121100 | CFD 97-01 Improvements - North Natomas Comprehensive Drainage Plan (NNCDP) | CIP is being established to make improvements in the CFD 97-01 North Natomas Drainage system: including Pump station 1B, the main drain canal, and basins. Funding for the project is coming from existing assessment district funds and transfers from other projects. In addition, a new pay as you go construction assesment will require the establishment of a new City capital fund which will be used for identified projects within the NNCDP area. |

Budget Adjustments

CIP Budget Amendments

| Project Number | Project Name | Fund | Fund # | Revenue | Expenditure | Net Change | Funding Details |
|------------------------|---|---------------------------------|--------|---------------------|---------------------|---------------------|---|
| L19220000 | Glenbrook Park and River Access and Oki Park Improvements | General Fund | 1001 | | \$ 170,000 | \$ 170,000 | Transfer from Council District 6 Cell Tower accounts (80003112 and 80003113 - \$85,000 each) |
| W14121100 ^a | CFD 97-01 Improvements - North Natomas (NN) Comprehensive Drainage Plan (NNCDP) | NN CFD97-01 Construction | TBD | \$ 2,000,000 | \$ 2,000,000 | \$ - | Recognize revenues received from levee assessment for construction projects |
| W14121100 | CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP) | NN Drainage 2005 CFD 97-01 | 3328 | | \$ 551,121 | \$ 551,121 | Transfer \$269,074 from the NN DRN 2005 CFD 97_62AD multi-year operating project (J22003200) and \$282,047 from fund balance |
| W14121100 | CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP) | NN Drainage CFD 97-01 Series C | 3323 | | \$ 67,580 | \$ 67,580 | Transfer from fund balance |
| W14121100 | CFD 97-01 Improvements - NN Comprehensive Drainage Plan (NNCDP) | NN Drainage CFD 97-01, Series A | 3314 | | \$ 417,588 | \$ 417,588 | Transfer \$81,566 from the NN Drainage Series B_49AD multi-year operating project (J22001900) and \$366,022 from fund balance |
| Total | | | | \$ 2,000,000 | \$ 3,206,289 | \$ 1,206,289 | |

^aThe proposed new assessment will result in a new fund that will have revenues and expenditures to allow for the acceptance of the levee assessment for construction projects.

**FY2010/11 Supplemental Budget Information
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5/26/2011

| Item | Question | Meeting | District | Status | Person To Respond |
|-----------|---|-----------------------|--------------|---------------------------|-----------------------|
| 1 | List of revenue options? | 5/3 | 6 | 6/2 Budget Hearing | CMO |
| 2 | Can we develop a website where community can get budget information, ask questions, and make recommendations? | 5/3 | 5 | Delivered 5/12 | Amy |
| 3 | Identify the components of the \$20m labor increase? | 5/3 | 1 | Delivered 5/17 | Finance |
| 4 | What would the budget look like if we didn't cut public safety? | 5/3 | 6 | Delivered 5/17 | Finance |
| 5 | What is the break out of the \$222.1m discretionary GF by department: \$ and %? | 5/3 | 6 | Delivered 5/17 | Finance |
| 6 | Prior four year reductions by departments \$ and FTE? | 5/3 | 6 | Delivered 5/17 | Finance |
| 7 | How many of 250 FTE are vacant? | 5/3 | 8 | Delivered 5/17 | HR |
| 8 | How to better describe how we get to \$222.1? | 5/3 | 1 | Delivered 5/17 | CMO/Finance |
| 9 | How to show value of union concession over time? | 5/3 | 1 | Delivered 5/17 | Finance |
| 10 | Economic development opportunities to grow our revenues? | 5/3 | Mayor | Delivered 5/24 | ED |
| 11 | How to and how long to get to beyond a 10% reserve? | 5/3 | Mayor | Delivered 5/17 | Finance |
| 12 | Over last 4 years how much cut and how has that impacted jobs growth? | 5/3 | Mayor | Delivered 5/24 | ED |
| 13 | What is oversight and consequences on overspending? | 5/3 | Mayor | 6/7 Budget Hearing | CMO |
| 14 | Are there efficiencies (Marina to Transportation, Parking to Police) and/or consolidations that could provide additional savings? | 5/3 & 5/17 | Mayor | 6/2 Budget Hearing | CMO |
| 15 | Are there savings if we were to close the Public Safety Center on Freepport Blvd and consolidate staffing at other City facilities? | 5/3 & 5/17 | 1, 6, 7 | | CTO / CMO/ DGS |
| 16 | Why can't we change cost allocation to save Public Safety? | 5/3 | 1 | Delivered 5/17 | Finance |
| 17 | Report back on the cost of utilities at the smaller clubhouses. | 5/12 | 6 | 6/7 Budget Hearing | Parks |
| 18 | Provide solutions to restore \$1 million in funding for Parks and Recreation programs/services - all funds should be looked at. | 5/12 | 6 | 6/7 Budget Hearing | Parks |
| 19 | Provide options to get to a minimal level of operations at community centers that are not scheduled to have alternate service providers, or already have alternative service providers. | 5/12 | 3 | 6/7 Budget Hearing | Parks |
| 20 | Rightsizing has to be looked at. We need to look at management to employee ratios - provide a span of control report. | 5/12 | 2 | Delivered 5/24 | Finance / HR |
| 21 | How much does Transportation bring back to the General Fund? | 5/17 | 1 | 6/2 Budget Hearing | Finance |
| 22 | Provide a break out of the reductions taken by office for the Mayor/Council and Charter Offices. | 5/17 | 6 | Delivered 5/24 | Finance |
| 23 | Double check the cost of Fire Station 43 and the cost of the expired contract. | 5/17 | 1 | Delivered 5/24 | Finance |
| 24 | Provide a breakdown of the \$9 million revenue reduction estimate? | 5/17 | 6 | 6/2 Budget Hearing | Finance |
| 25 | Can Marina fees be used for General Fund purposes in a similar way as Parking Funds? | 5/17 | 3 | to be determined (TBD) | CAO / DOT / CCL |
| 26 | How does Transit Occupancy Tax (TOT) and the General Fund (GF) flow to the Arts Program? Would restoring the GF 1/2% and reducing the true GF fully fund the Sacramento Metropolitan Arts Commission (SMAC) program (at the reduced level). | 5/17 | 3 | TBD | CC&L |
| 27 | How much is left in the Arts Stabilization designation? | 5/17 | 3 | TBD | CC&L |
| 28 | How much would the City really save by contracting out Golf? Would we work with the contractor to pick up our staff if we do contract this out? | 5/17 | 1 | 6/7 Budget Hearing | CC&L |
| 29 | Is there a tie in between green waste pick-up and illegal dumping. Can we revisit Proposition 218 relative to illegal dumping? | 5/17 | 3 | TBD | CDD/DOU/CAO |
| 30 | What is the cost of all of the Gang Violence/Cease fire operations? | 5/17 | 5 | 6/7 Budget Hearing | Police |
| 31 | How many exempt staff currently in the Police Department's administrative services? Can some of the sworn exempt be moved out of administration and into patrol? | 5/17 | 2 | 6/7 Budget Hearing | Police |
| 32 | Will Police Department layoffs result in Police Officers replacing the reserve staff currently working in City Hall and/or as the Mayor's drivers, etc? | 5/17 | 2 | 6/7 Budget Hearing | Police |
| 33 | How much citation money does the City receive from commercial vehicle inspections and who gets this revenue? | 5/17 | 2 | 6/7 Budget Hearing | Police |
| 34 | Provide additional information/detail on Police Department positions, assignments/locations and associated costs. | 5/17 | 1 & 5 | 6/7 Budget Hearing | Police |
| 35 | If we could build back, what are the Police Department priorities/most important restorations? | 5/17 | 5 | 6/7 Budget Hearing | Police |
| 36 | What are the current vacancies for Police Officers and how many layoffs will happen with and without the grant restoration? | 5/17 | 5 | 6/7 Budget Hearing | Police |
| 37 | We need to re-look at our existing policy on covering costs - is there a way to bill the State for response to protests and/or for costs associated with large events that come to Sacramento? | 5/17 | 6 | 6/7 Budget Hearing | Police |
| 38 | How much of the \$2.2 million in furlough savings is related to Police Department furloughs? | 5/17 | 6 | Delivered 5/24 | Finance |
| 39 | What is the delinquency rate on Community Development fees/revenues? | 5/24 | 8 | | CDD |
| 40 | What is the value of a 10% reduction to Finance? 5 and 10% reductions in IT and HR? 15% in the City Manager's Office? | 5/24 | 7 | 6/7 Budget Hearing | Finance, IT, HR & CMO |
| 41 | Provide an update at Midyear on the collection rates achieved by the two collection positions recommended in the Proposed Budget for Finance | 5/24 | 2 | FY2011/12 Midyear Report | Finance |
| 43 | Is a new Management position being added to IT to deal with Web Services? | 5/24 | 7 | TBD | IT |
| 44 | With proposed cuts, what will effect be on City Attorney's Office ability to retain litigation in-house as much as possible? If there is a lawsuit as a result of department action, not covered by insurance policy, how is cost of defense paid for? What does a department's budget pay for? | 5/24 | 4 | TBD | CAO / CMO |
| 45 | Provide comparison staffing and workload information for the CAO with other comparable jurisdictions. | 5/24 | 1 | TBD | CAO |

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5/26/2011

| Item | Question | Meeting | District | Status | Person To Respond |
|-------------|---|----------------|-----------------|--------------------------------|--------------------------|
| 46 | Is there a 218 issue related to depositing revenues received from wireless installations attached to Utility facilities into the General Fund. | 5/24 | public | TBD | City Attorney |
| 47 | Review the Wireless/Billboard Revenue Policy directing these revenues to the General Fund in 3 fiscal years (FY2013/14). | 5/24 | 3 | FY2013/14 Midyear | Finance |
| 48 | What changes need to be made in order to allow Council Members to fundraise for city programs and not have conflicts with election restrictions. | 5/24 | 1 | TBD | City Attorney |
| 49 | Historically have Fire Department year end results been used to balance the General Fund? | 5/24 | 1, 2, 6 | 6/7 Budget Hearing | Finance |
| 50 | Do the revenues from the Fire District contracts fully support the City's cost of service? | 5/24 | 5 | 6/7 Budget Hearing | Fire |
| 51 | Has 522 indicated to you that they feel our revenue estimate for ALS should be higher? We need to evaluate and see if there are options to increase our ALS revenue budget to restore brownouts | 5/24 | 2, 6 | 6/7 Budget Hearing | Fire |
| 52 | Bring back a discussion item addressing what policies are needed to address how new revenues are utilized. | 5/24 | 5 | After Budget Policy Discussion | CMO |
| 53 | Is ALS making money or not? Is it self sustainable? | 5/24 | 7 | 6/7 Budget Hearing | Fire |

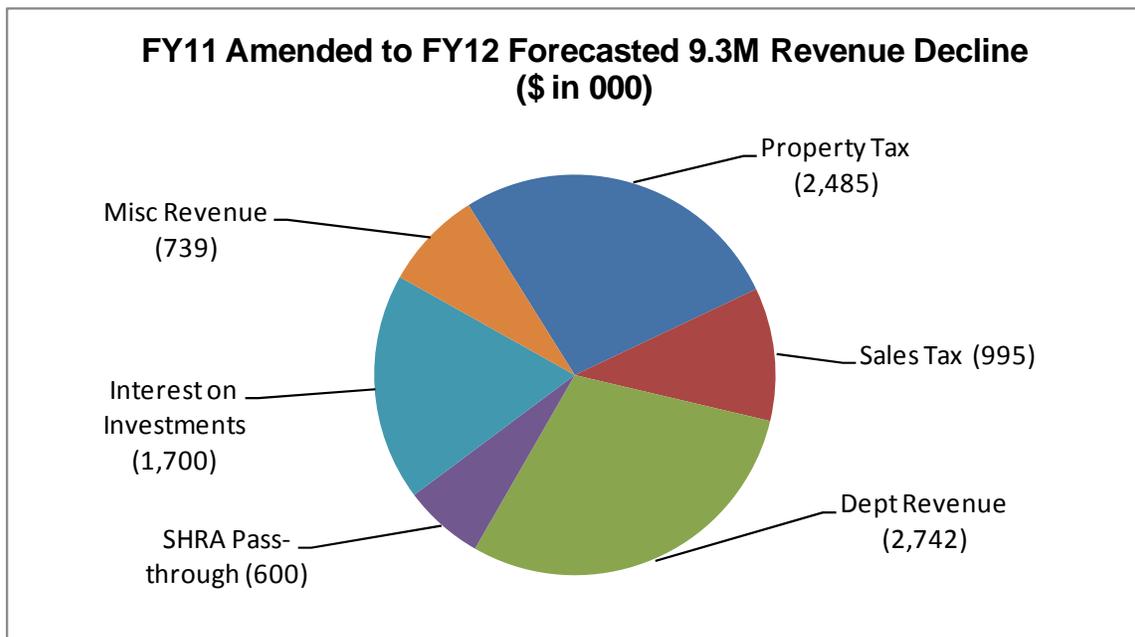
Supplemental Budget Information – Item 24

Question/Issue:

Provide a breakdown of the \$9.3 million revenue reduction estimate?

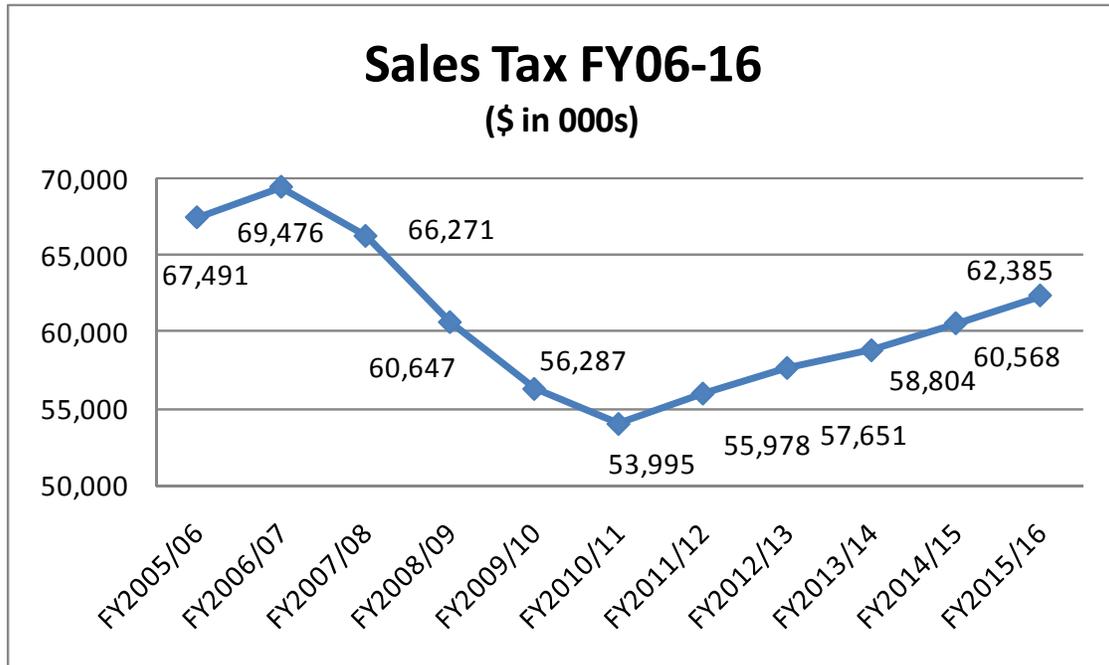
Response:

| Revenue Type | FY11 Amended | FY12 Forecast | FY12 For/FY11 Amd | FY12 Proposed | FY12 Pro/FY11 Amd |
|-------------------------|--------------|---------------|-------------------|---------------|-------------------|
| Property Tax | 124,410 | 121,925 | (2,485) | 121,925 | (2,485) |
| Sales Tax | 53,995 | 53,000 | (995) | 55,978 | 1,983 |
| Dept Revenue | 67,992 | 65,250 | (2,742) | 66,660 | (1,332) |
| SHRA Pass-through | 600 | 0 | (600) | 0 | (600) |
| Interest on Investments | 2,000 | 300 | (1,700) | 300 | (1,700) |
| Misc Revenue | 1,219 | 480 | (739) | 304 | (915) |
| | 250,216 | 240,955 | (9,261) | 245,167 | (5,049) |



At this time there is no additional data that would justify an additional increase in the sales tax revenue estimate for FY2011/12. From FY2007/08-FY2009/10 sales tax declined in 11 out of 12 quarters. With continued negative trends in the areas of foreclosures, regional unemployment, and consumer confidence and an increase in the personal savings rate the initial forecast reflected a decrease in sales tax for FY2011/12. However, recent positive results from two of the past three quarters as well as FY2009/10 year end results initiated a revision to the estimates resulting in an increase to the Proposed Budget estimate for sales tax by nearly \$2 million as compared to the current year budget.

The following graph illustrates the sales tax trend from FY2006-FY2016:



With regard to the Sacramento Housing and Redevelopment Agency (SHRA) pass-through, prior Council policy adopted with the FY2009/10 Approved Budget was that this resource would be available for two fiscal years. Since that time we have been working with SHRA staff and have determined that we have the opportunity to include this as a permanent funding source in the City's operating budget. Staff is working on the revenue estimate for FY2011/12 and will provide updated information at the June 7th Council meeting.