

Meeting Date: 5/19/2015

Report Type: Staff/Discussion

Report ID: 2015-00433

Title: Proposed Capital Improvement Program (CIP) 2015-2020

Location: Citywide

Recommendation: Receive and consider for final budget adoption.

Contact: Leyne Milstein, Director, (916) 808-8491; Dawn Holm, Budget Manager, (916) 808-5574; Marian Fahy, Principal Management Analyst, (916) 808-7991, Department of Finance

Presenter: Marian Fahy, Principal Management Analyst, (916) 808-7991, Department of Finance

Department: Finance

Division: Budget Office

Dept ID: 06001411

Attachments:

1-Description/Analysis

City Attorney Review

Approved as to Form

Steve Itagaki

5/12/2015 10:04:34 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/11/2015 2:51:13 PM

Description/Analysis

Issue Detail: The 2015-2020 Proposed Capital Improvement Program (CIP) represents the City's five-year capital expenditure plan totaling \$207.1 million with a proposed one-year CIP budget of \$90.6 million for FY2015/16. The 2015-2020 Proposed CIP is available for review at <http://www.cityofsacramento.org/finance/budget>.

Policy Considerations: The 2015-2020 Proposed CIP has been reviewed for consistency with City Council's adopted policies and plans, which include the 2035 General Plan, Transportation Programming Guide, Utility Master Plans, Parks and Recreation Master Plan, and the Parks and Recreation Programming Guide.

Economic Impacts: This report concerns administrative activities. Individual projects that require contracts will address economic benefits of the project at the time they are brought to City Council.

Environmental Considerations:

California Environmental Quality Act (CEQA): This action is not a project subject to CEQA because it concerns administrative activities and the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378. CEQA review for any project, which utilizes funds allocated under the FY2015/16 CIP budget has been or will be performed in conjunction with planning, design, and approval of each specific project as appropriate.

Sustainability: There are no sustainability considerations applicable to the Proposed CIP.

Commission/Committee Action: The Planning and Design Commission will review the 2015-2020 Proposed CIP on May 14, 2015, as required by Section 65401 of the California Government Code.

Rationale for Recommendation: The 2015-2020 Proposed CIP is consistent with and supports the City's goals of budget sustainability and fiscal responsibility. Capital projects include procurement, construction, or installation of facilities and equipment that will have a useful life of at least five years and a cost in excess of \$20,000.

Financial Considerations: The 2015-2020 Proposed CIP consists of 99 programs and projects totaling \$207.1 million from all funding sources and includes \$90.6 million in the FY2015/16 Budget. The FY2015/16 capital budget includes:

Public Safety

- \$10 million for a new Fire Station Replacement Program (F13000800)
- \$1.4 million for a new Fire Safety Equipment Program (F12000500)

Quality of Life

- \$20 million for the Residential Water Meter Program (Z14010000)
- \$2 million for Measure U Park Improvements Program (L19706000)
- \$1.5 million for the Digital Strategy Program (A07000700)
- \$250,000 for a Citywide Pool Assessment Study (L19706500)

Capital planning needs to be balanced between the maintenance of existing infrastructure and the addition of new infrastructure to address community needs. Given limited resources, the City has been challenged to address the significant backlog of deferred maintenance projects. Currently, less than 4% of the combined General Fund and Measure U Fund expenditure budgets are spent on capital projects while the other funds combined spend approximately 18%.

An updated asset/facility assessment study would be a valuable tool for tracking, maintenance, determining the residual life cycle and replacement costs of an asset, optimizing operation and maintenance investments, optimizing capital investments, assisting with determining funding strategies, and assisting with replacement of assets. The City last completed an asset management report in the early 2000's. Based on that dated study the City is deferring maintenance on City facilities at a rate of \$1.5-2.0 million annually, with an estimated backlog of \$40 million. The Public Works Department is evaluating options to update the asset/facility inventory in order to update the facility list, estimated cost, and amount being deferred annually. The outcome of this study will be used to guide future capital investments.

Following the release of the 2015-2020 CIP the Development Stabilization Contingency Reserve (DSCR) and Development Services Fund Management Policy was approved on May 12. Consistent with this policy the revenue and expenditure budgets for the Planning Technology Program (A21006400) will be reflected in the Development Services Fund (2016) in the 2015-2020 Approved CIP.

Local Business Enterprise (LBE): Not applicable.