REPORT TO COUNCIL
City of Sacramento

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PUBLIC HEARING
May 16, 2006

Honorable Mayor and
Members of the City Council

Subject: FY2006/07 Proposed Budget Strategic Plan Focus Area: Sustainability and Livability - Sustainability Plan

Location/Council District: Citywide (All)

Recommendation:

This report provides information on the FY2006/07 Proposed Strategic Planning – Strategic Budgeting effort, provides the City Manager's funding recommendations related to Sustainability and Livability – Sustainability Plan (Attachment A, page 4) and requests City Council direction and an intent motion on funding recommendations.

Contact: Reina Schwartz, Director of General Services, 808-7195; Leyne Milstein, Budget Manager, 808-8491

Presenters: Reina Schwartz, Leyne Milstein

Department: General Services, Finance

Division: Office of the Director, Budget

Organization No: 3112, 1140

Description/Analysis:

Issue: During the Strategic Planning Workshop on February 21, 2006, the City Council identified five focus areas: Public Safety; Sustainability and Livability; Safe and Affordable Housing; Economic Development; and Culture and Entertainment as the "Vision for 2007." Through this Strategic Planning approach, the Mayor and Council identified high priority programs and services based on the vision that Sacramento will be the most livable city in America.

In the Sustainability and Livability focus area, the City Council identified a need to provide a sustainability plan which includes the use of renewable energy and energy efficiency and the development of sustainable building standards related to materials, design and systems. The vision for this focus area is:

- The City of Sacramento intends to conduct its business in a way that increases the sustainability of this and future generations.

Attachment B (page 5) outlines in detail the current efforts to promote the Mayor and Council's vision, identifies any gaps in the City's current efforts to develop a sustainability plan and offers recommendations on the funding opportunities in this focus area.

Policy Considerations: This report and the recommendations contained therein are consistent with the City's sustainable budget policy. On an ongoing basis, the Strategic Planning - Strategic Budgeting process allows the Mayor and City Council to focus funding on specific, priority programs and services. Strategic Planning - Strategic Budgeting will help the City of Sacramento to:

(1) Determine Council's citywide priorities, align the resources needed to successfully accomplish these priorities and determine what actions need to be taken today to assure that vision becomes reality;

(2) Ensure the future growth and livability of our community by proactively addressing significant challenges and issues; and

(3) Work across City departments and coordinate with other agencies to improve services and quality of life for City residents.

Environmental Considerations: 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 California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Rationale for Recommendation: Based on an analysis of all the focus area recommendations which totaled over $25 million, staff recommends funding $150,000 to complete the sustainability plan. This will provide the appropriate balance of one-time and ongoing resources while leveraging non-General Fund resources.

Financial Considerations: Working collaboratively, City staff has estimated a total of $1,976,200 and 1.00 FTE to resolve the issues identified in the gap analysis. Attachments C (page 7) and D (page 8) provide a detailed breakdown of the costs and FTE for each issue.

The source of funding for the recommendations related to the Strategic Planning - Strategic Budgeting effort is the $7.5 million growth initiatives reserve that was established with the FY2004/05 Comprehensive Annual Financial Report (CAFR). Additional reports related to this effort will be presented during the May/June Budget Hearings. Future reports will provide information on the Mayor and City Council's prior recommendations and a summary of cost recommendations in relation to the available resources for this effort.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by: _____
Leyne Milstein, Budget Manager

Approved by: _____
Russell Fehr, Finance Director

Recommendation Approved:

_____
Ray Kerridge
City Manager

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Attachment A

City Manager's Recommendation

	One-time	On-going	FTE
Complete Sustainability Plan	$150,000	N/A	0.00

The City Manager's Office recommends $150,000 to complete the plan, develop measurement tools and coordinate staff.

Attachment B

A. FOCUS AREA

Sustainability & Livability - City Sustainability Agenda

B. VISION
(DESCRIPTION OF STAKEHOLDERS UNDERSTANDING/PERCEPTION OF COUNCIL'S INTENT)

THE CITY OF SACRAMENTO INTENDS TO CONDUCT ITS BUSINESS IN A WAY THAT INCREASES THE SUSTAINABILITY OF THIS AND FUTURE GENERATIONS.

C. GOAL

Development of a Sustainability Plan (or "Agenda") that identifies sustainability issues in Sacramento, establishes related polices, inventories existing sustainability programs, measures progress and establishes next steps toward sustainability.

D. BACKGROUND/HISTORY/CURRENT EFFORTS
(DESCRIBE CURRENT PROGRAMS AND EFFORTS TOWARDS COUNCIL'S GOAL)

Over the years the City and partner agencies have implemented dozens of programs that will tend to reduce the environmental and energy impacts of City operations or from growth and development. At the direction of the City Council, city staff is in the process of producing a draft Sustainability Agenda. Currently there are no staff fully assigned to developing this Sustainability Plan, it is being compiled by a part time retired annuitant, 20% of a planner and 20% of an engineer.

The Agenda will provide a context for sustainability concerns for Sacramento. The current draft includes an inventory of over one hundred programs undertaken by the City. Programs are organized into the following categories: Energy Supplies/Climate Change, Environmental Health, Preservation of Open Space, Water Quality/Efficient Water Use/Floodplain Management, Smart Growth and Intelligent Transportation and Material Resources. The final report will also include programs from other local and regional agencies that contribute to sustainable solutions.

The work to date on the Sustainability Agenda confirms that the City currently has a number of programs, policies and practices that support movement towards sustainability. There are however significant unfunded/under funded programs that have been identified that would directly address sustainability issues. The state's Climate Action Plan, for example indicates that three very significant pieces of a climate action strategy are: reducing vehicle fleet emissions; planting more trees; smart growth and intelligent transportation systems.

Sustainability also includes a number of other themes identified by the City Council at the February 21, 2006 Strategic Planning Workshop including: transit-oriented development, urban forest, air quality, preserving water supply, infill, affordable housing, healthy lifestyles, and opportunities for civic involvement.

In addition to the specific work on a Sustainability Agenda, the General Plan Update will include policies and programs to encourage livability and sustainable levels of energy and resources consumption including efficient land use, transportation, waste management and other infrastructure systems.

F. GAP ANALYSIS NARRATIVE
(DESCRIBE ANY GAP BETWEEN CURRENT EFFORTS AND FULLY ADDRESSING COUNCIL'S ISSUE, INCLUDING FTE AND FUNDING NEEDS)

City staff has identified a number of gaps between current efforts and meeting the Council's goal of increasing the City's sustainability. These gaps can be grouped into three categories as shown below:

1. The first gap is to complete the plan (Agenda) and organize staff around implementation of an ongoing Sustainability Agenda. The City Council has mentioned on several occasions the desire to consider establishing an "Office of the Environment" or "Office of Sustainability". Such an office could be the organizational leader for completing and implementing the City's Sustainability Agenda.
2. The second gap relates to a list of unfunded initiatives that support the sustainability agenda. The list of unfunded initiatives includes items such as:
   a. Building LEED-rated (energy efficient) City facilities
   b. Developing a City of Sacramento Climate Action Plan
   c. Implementing the 2nd phase of the Urban Forest Plan
   d. and others
3. The third gap is that the General Plan Update scope of work should be amended to provide urban form policies and examples that encourage sustainable city and private development practices consistent with the Council's high priority on sustainability.

G. GAP ANALYSIS ASSUMPTIONS

(PROVIDE SPECIFIC ASSUMPTIONS RELATED TO FTE AND FUNDING AS IDENTIFIED IN SECTION D)

Citywide there are currently few, if any, resources dedicated specifically to developing and moving forward a sustainability agenda consistent with the Council's focus area of Sustainability and Livability. Additional coordination, leveraging and resources will be needed to create measurable progress toward sustainability.

H. RECOMMENDATIONS

1. Finish the Plan, develop measurement tools, and coordinate ongoing staff sustainability efforts (potentially as the first step in creating an Office of Sustainability). $150,000 annually (1.0 FTE [estimated at $85,000 salary + 30 % benefit costs] + supporting/consultant costs)
2. Allocate $1,265,000 for sustainability initiatives (approximately $1 million annually ongoing). See attachment for specific program recommendations for FY2006/07. Additional programs beyond those listed have already been identified for future years/additional funding.
3. Amend the scope of the General Plan Update to address and incorporate Council's sustainability and livability goals. One-time cost of $500,000.

I. PERFORMANCE MEASURE(S)

(OUTLINE PERFORMANCE MEASURES TO BE TRACKED AND REPORTED ON ASSOCIATED WITH THE PROGRAMS/SERVICES RECOMMENDED. THE MEASURES SHOULD HELP DETERMINE IF THE GOAL/ISSUE IS BEING MET)

One of the recommended gap tasks is to develop measurement tools for the Sustainability Agenda. These measures will be identified in conjunction with the individual sustainability initiatives recommended for funding.

Attachment C

Focus Area: City Sustainability Plan

Vision: The City of Sacramento intends to conduct its business in a way that increases the sustainability of this and future generations.

Goal: Development of a Sustainability Plan (or "Agenda") that identifies sustainability issues in Sacramento, establishes related polices, inventories existing sustainability programs, measures progress and establishes next steps toward sustainability.

Funding Source	Issue	Description	FY07 GF Cost	Offsets/ Revenue	Net GF Change	One-Time Costs	Ongoing GF Costs	Other Fund Cost	Net FTE Change
General Fund	Sustainability Plan	Complete the plan, develop measurement tools, and coordinate staff effort. Potential first step in creating on Office of Sustainability.	$150,000	$0	$150,000	$0	$150,000		1.00
General Fund	Sustainability Initiative	Earmark $1 million for sustainability initiatives. Develop priorities for budget hearings (incorporating already identified unfunded initiatives).	$1,265,000	$0	$1,265,000	$265,000	$1,000,000		0.00
General Fund	Amend General Plan Update	Amend the scope of the General Plan Update to address and incorporate Council's sustainability and livability goals. One-time cost of $561,168.	$561,200	$0	$561,200	$561,200	$0		0.00
		Totals:	**$1,976,200**	**$0**	**$1,976,200**	**$826,200**	**$1,150,000**	**$0**	**1.00**

Attachment D

Sustainability Initiative Additional Detail
FY2006/07 Budget

Dept/Area	Programs	Cost One-time	Ongoing	
Urban Forest	Phase 2 of Urban Forest Enhancement program (inventory)	$600,000		
Urban Forest	Phase 2 of Urban Forest Enhancement program (reforestation)	$100,000		
Fleet	Compliance with State Public Fleet Rule which will require particulate traps on the City's heavy duty diesel vehicles. Total cost to the City estimated at $450,000 (could be funded over 2 years); $90,000 is General Fund.	$90,000		
Air Quality	Climate Action Plan (City Operations)	$100,000		
Fleet	Replace sedan fleet with hybrids (incremental cost of approximately $9,000 per vehicle above current forecast)		$100,000	
Energy	Achieve LEED Existing Building Silver for City Hall complex. This could include items such as: separation of the utilities for the two buildings at City Hall ($40,000); installation of waterless urinals ($10,000); provision of a green building information kiosk and educational materials ($20,000); bike racks ($10,000); air conditioning improvements ($30,000); increased use of environmentally sound cleaning products, etc...)	$150,000		
Energy	Implement solar photovoltaicv (through a lease-purchase arrangement) at North Area Corporation Yard (NACY).	$100,000	$25,000	
Totals		$1,140,000	$125,000	
Grand Total				$1,265,000