



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 17, 2015

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Public Works Department

**SUBJECT:** Six-Year Capital Improvement Program - Fiscal Years 2016 Through 2021

### RECOMMENDATION:

That Council receive the Six-Year Capital Improvement Program for Fiscal Years 2016 through 2021.

### EXECUTIVE SUMMARY:

In accordance with City Charter Section 604(d), the City's Six-Year Capital Improvement Program (CIP) has been prepared and filed with the City Clerk.

The goals of the CIP are to:

- Describe a comprehensive program of work needed for maintenance of existing infrastructure, and identify facility or infrastructure enhancements or additions to better serve the community;
- Provide a plan for capital improvements that can be used in preparing the capital budget for the next fiscal year;
- Illustrate unmet capital needs based on anticipated funding levels;

The City of Santa Barbara's CIP forecasts the City's capital needs over a six-year period. Although the City Charter requires a minimum five-year CIP, staff has prepared a six-year plan for many years. The first two years of the plan include projects that form the basis for the next two-year Financial Plan, with the remaining four years used to plan for future work. The long-range nature of the CIP has become even more important in the past few years due to the complex economic, environmental, and planning requirements that many projects face from conception through actual construction. Projects are proposed based on the City's long-range plans, goals, and policies. The CIP is updated every two years to coincide with the City's two-year Financial Plan. It is a key element for developing the City's annual Capital budget.

The CIP for the Administrative Services, Airport, Community Development, Fire, Library, Parks and Recreation, Police, Public Works and Waterfront Departments totals approximately \$733 million (M) for the six-year planning period. Projects with secured or identified funding total in excess of \$256 M, with approximately \$477 M in unfunded projects. Financial summary tables containing all CIP projects and funding sources are in the CIP (Exhibit A).

Capital projects may be fully funded, partially funded, or unfunded. The major sources of funds available for capital projects are dedicated funds. The use of dedicated funds is restricted by the limitations imposed by local, state, or federal laws associated with the funding source. For the most part, these funds are accounted for in the City's special revenue or enterprise funds such as Measure B, the Streets Capital Fund, the Airport Fund, the Water and Wastewater Funds.

Projects that are not supported by dedicated revenues are financed by the General Fund and/or the City may also receive direct funding for projects from other agencies, jurisdictions or individuals through grants, loans, donations and/or other subsidies.

## **DISCUSSION:**

### Capital Project Definition

A capital project is generally defined as an activity that creates, improves, replaces, repairs, or maintains a fixed asset. Fixed assets include land, site improvements, parks, buildings, streets, bike paths, bridges, storm water facilities, and wastewater systems. Certain types of equipment, such as the hardware attached to or purchased with the land or building, are also included.

Capital projects involve nonrecurring expenditures or capital outlays from a variety of specifically identified funding sources and do not duplicate normal maintenance activities funded by the operating budget.

### CIP Development

During the summer and early fall, staff develop the Draft CIP projects using input and requests from a variety of sources including City Council direction, Boards and Commissions' recommendations, community input, regulatory requirements, required infrastructure upgrades, such as computer hardware and software, and projects identified in the City's adopted plans and policy documents. Typically, development of the CIP is a nine-month process, which begins in August of even-numbered years and ends the following spring with budget development. Projects are developed by CIP Department representatives and then reviewed by City Boards and Commissions that advise Council on various City programs.

The Planning Commission reviews the CIP as a whole. At their review of the CIP the Planning Commission expressed a desire to see project prioritization in the CIP. As is

discussed below, project prioritization for the CIP as a whole is very difficult given the different funding sources and funding restrictions and therefore is done as part of the budget adoption as the resources for funding projects are better defined.

Other City Boards and Commissions are also delegated authority to review the construction, improvement, erection, and maintenance of City assets and plan for the acquisition and repair of existing facilities and equipment through the City Charter (Sections 807, 809-813). The Boards and Commissions review the CIP projects in their purview for consistency with existing plans, programs and ordinances, and make recommendations to the City Council on the CIP projects as part of the budget and future planning for each program area. They include the Parks and Recreation Commission, Library Board, Harbor Commission, Airport Commission, and the Water Commission.

The City Council has formed other Committees such as the Downtown Parking Committee, Transportation and Circulation Committee, and Creeks Restoration and Water Quality Citizens Advisory Committee to serve as advisory groups for specific program areas. The Boards, Commissions and Committees review the CIP, provide comments and make recommendations to the City Council.

The Final CIP will be reviewed by the City Administrator, published in early 2015, and made available to the public during the City Finance Committee, City Council, and budget review processes. Following acceptance of the CIP by the City Council, projects scheduled for FY 2015 – 2016 and FY 2016 – 2017 are prioritized and those for which funding is available become the basis for the FY 2016 - 2017 capital budget. The capital budget is included in the budget that the City Council typically adopts in June.

### Types of Capital Needs

Capital projects generally meet one or more of the following criteria to be included in the CIP:

- Contribute to the development or implementation of Council-adopted plans and policies;
- Address health and safety needs, reduce City liability, or improve access to City facilities by those with disabilities;
- Maintain existing assets or improve the efficiency of City operations;
- Improve revenue potential or enhance existing programs;
- Respond to a request from a neighborhood group, citizen, government entity, or City advisory group;
- Be funded from within current and/or projected revenue streams (including additional operating requirements);
- Placeholder projects and unfunded projects that reflect the unmet needs identified for the Capital program and form the basis for grant applications for funding.

### Project Identification

Potential projects to address new capital needs or maintain, expand, or enhance existing capital assets are derived from a number of sources. These include:

- Functional plans, such as Transportation, Airport, Parks, Wastewater, or Stormwater System Master Plans and studies;
- Neighborhood and other refinement plans;
- Requests from citizen groups, neighborhood associations, and community organizations;
- Requests from the City Council;
- Regulatory changes or requests from other governmental units, such as school districts, federal and state agencies;
- City Departments; and
- City Boards, Committees and Commissions.

The CIP attempts to define City needs for capital improvement, not to develop a prioritization. Prioritization and funding considerations are done as part of the budget process. The wide variety of specialized or restricted funding sources and the framework of adopted plans and policies makes it impractical to use the CIP for project prioritization. Within each program area, various projects are prioritized based on needs that have been identified within that program area, the projected funding that is available, the limitations on how the funding can be used, and any direction that has been provided by the City Council, outside agencies, or other sources of input and guidance. As a general rule, projects that improve safety are given a very high priority.

#### CIP Approval Process

The City's Operating and Capital Budget CIP represents a bi-annual update to the FY 2016-2021 CIP. The following is the schedule and description of CIP development steps:

Schedule	CIP Development Steps
August – November 2014	CIP is developed by CIP Department Representatives.
October 2014	Departments may request project review with City Planner and City Engineer to refine understanding of scope and costs.
October – November 2014	CIP projects are reviewed by City Boards, Committees and Commissions.
January 15, 2015	Planning Commission review of the Draft CIP.
January 30, 2015	Draft CIP submitted to City Administrator.
March 14, 2015	The CIP is presented to City Council for finalization and acceptance.
July 2015	The FY 2016 - FY 2021 CIP is posted concurrently with the approved FY 2016 budget on the City's website.

Board, Committee, and Commission Action Summaries:

The following table lists the City Boards and Commissions that govern program areas, the CIP projects under their purview and the actions taken:

Board/Commission	CIP Program Reviewed	Meeting Date	Action
Airport Commission	Airport	10/15/14	Commission received and commented on the Airport Draft FY 2016-2021 CIP.
Creeks Advisory Committee	Creeks and Water Quality Improvement	10/15/14	The Committee received a presentation and discussed the proposed Creeks Division CIP for FY 2016-2021 and recommended that the City Administrator forward the proposed program to the City Council for review and approval as part of the FY 2016 and FY 2017 Financial Plan.
Downtown Parking Committee	Public Works - Downtown Parking	10/9/14	Recommended that City Council approve the proposed Downtown Parking CIP as presented. The Plan outlines the priority infrastructure projects from FY 2016-2021.
Harbor Commission	Waterfront	10/23/14	Reviewed and approved the Waterfront Department Six-Year CIP for FY 2016-2021.
Library Board	Library	10/28/14	The Board reviewed the Library CIP.
Neighborhood Improvement Task Force (NITF) <sup>1</sup>	Neighborhood Improvement Task Force	11/12/14	Discussed priority projects for Streets, Parks and Recreation and Building and Safety. Recommended that the CIP be forwarded to City Council.
Parks and Recreation Commission	Parks and Recreation	10/22/14	Reviewed the Department's proposed FY 2016–2021 CIP and recommended that the CIP be forwarded to Planning Commission and City Council.
Transportation and Circulation Committee (TCC)	Public Works - Streets & Alternative Transportation	10/23/14	The Transportation and Circulation Committee heard a presentation discussing the Transportation and Streets CIP.
Water Commission	Wastewater and Water	10/13/14	Received a report on the Draft CIP.

<sup>1</sup> The City created the inter-departmental NITF to plan, organize, implement, and monitor all projects initiated to rectify long-held concerns in neighborhoods. Common concerns include littering in the right of way and in parks and creeks, illegal camping and other transient impacts, substandard housing and public infrastructure.

A copy of the Six-Year Capital Improvement Program – Fiscal Years 2016 through 2021 is available for review in the City Clerk's office.

Conclusion:

The CIP has been developed by the Departmental CIP representatives, reviewed by governing Boards, Committees and Commissions for general consistency with the City's plans and programs. The CIP is a comprehensive description of capital maintenance and improvement needs for facilities throughout the City. The CIP will form the basis for prioritizing projects included in the Fiscal Years 2016 and 2017 budget and financial plan.

**PREPARED BY:** Brandon Beaudette, Administrative Analyst

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office