



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: April 12, 2016

TO: Finance Committee

FROM: Transportation Division, Public Works Department

SUBJECT: Streets Fund Capital And Grant History

RECOMMENDATION:

That the Finance Committee hear a presentation regarding the Streets Fund Capital Improvement Program and grant history.

BACKGROUND:

At the City Council meeting on February 2, 2016, Council directed staff to work with the Finance Committee to develop options for increasing the amount of funding available for streets, sidewalks, storm drains, street lights, traffic signals, and other related infrastructure (Streets Infrastructure).

On March 1, 2016, the Finance Committee heard staff presentations related to the Streets Fund revenue projections and related expenditures. In Fiscal Year 2016, Utility Users Tax (UUT) and Gas Tax revenues are expected to be below budget by approximately \$308,159. In Fiscal Year 2017, those same revenues are estimated to be approximately \$399,427 less than originally proposed. Measure A revenue has seen modest growth.

DISCUSSION:

Capital projects are funded from revenues that are available after operating expenditures have been budgeted. The table below shows the trend for Capital based on the three primary non-grant revenue sources.

Fiscal Year	Utility Users Tax Revenue	Gas Tax Revenue	Measure A Revenue	Capital Budget
2014 (Actual)	\$7,008,178	\$2,877,169	\$3,446,965	\$4,062,192
2015 (Actual)	\$6,905,153	\$2,305,030	\$3,570,627	\$3,445,865
2016 (Adopted)	\$6,922,027	\$2,023,321	\$3,640,904	\$3,488,028
2017 (Budget)	\$7,072,209	\$1,863,751	\$3,628,245	\$1,442,510

Flat or declining revenues are not keeping up with general increases to the costs to carry out the responsibilities of the streets operations. This fiscal year, the Streets Capital Program was partially funded from Streets Fund reserves. Consequently, reserves are expected to be almost fully exhausted by the end of Fiscal Year 2016.

As a result of the anticipated revenue shortfall and the lack of Streets Fund reserves, staff is only able to budget a limited amount for Capital projects for Fiscal Year 2017. The Fiscal Year 2016 Adopted Capital Budget and Fiscal Year 2017 Proposed Capital Budget are listed below.

Project	Fiscal Year 2016 Adopted Budget	Fiscal Year 2017 Proposed Budget
Overlays	\$2,513,028	\$992,510
Sidewalk Repairs	\$250,000	\$250,000
Sidewalk Access Ramps	\$50,000	\$50,000
Traffic Signal Upgrades	\$125,000	\$0
Streets Engineering	\$150,000	\$0
Drainage Improvements	\$75,000	\$50,000
Traffic Signal Maintenance Program	\$75,000	\$0
Mission Creek Flood Control Project	\$50,000	\$0
Post Bridge Construction Monitoring	\$50,000	\$0
Traffic Safety/Capacity Improvements	\$50,000	\$50,000
Bridge Preventive Maintenance Program	\$50,000	\$0
Street Light Installation	\$50,000	\$50,000
Total	\$3,488,028	\$1,442,510

There are currently over 30 Capital projects in various stages of completion. The vast majority are funded primarily, and in some cases, entirely through grants. The City's ability to install safety and infrastructure improvements is largely dependent on such grants. Unfortunately, the amount of capital funds available is far short of the amount of funding necessary to maintain our street infrastructure and grants are not available for basic maintenance needs including pavement and sidewalk maintenance. This presents a difficult choice between leveraging the limited City funds for grants or allocating these funds for maintenance without leveraging grant funds.

BUDGET/FINANCIAL INFORMATION:

Streets infrastructure is funded almost entirely from special purpose or restricted funds. Funds for Streets infrastructure are flat or declining, while costs continue to rise. Deferral of street maintenance in particular, accelerates the rate of deterioration.

SUSTAINABILITY IMPACT:

Well-maintained infrastructure supports a healthy environment by minimizing damage to vehicles. Well-functioning storm drains effectively convey water to creeks and the ocean, while decreasing the amount of transported debris, sediment, and litter.

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