



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 10, 2016

TO: Finance Committee

FROM: Engineering Division, Public Works Department

SUBJECT: General Fund And Streets Unfunded Infrastructure Needs

RECOMMENDATION:

That the Finance Committee hear a presentation on unfunded infrastructure needs.

DISCUSSION:

Background

At the 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 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.

On March 15, 2016, the Finance Committee heard a staff presentation related to the LA Consulting Report, dated August 2015. The report highlighted current Street Section activities and the potential to achieve monetary savings through the implementation of improved field-level maintenance planning activities.

On April 12, 2016, the Finance Committee heard a staff presentation related to the City's Capital Improvement Program's Streets Funds-related projects. 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 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 and allocating these funds for maintenance without leveraging grant funds.

On April 26, 2016, the Finance Committee heard a staff presentation related to the Streets Funds Operating Program. The Public Works Department's Transportation Division is currently reducing operating expenses through increasing efficiencies associated with on-going maintenance work. These operating expense savings will directly translate to future capital fund increases, although these savings will not be sufficient to bridge the gap between current funding levels and maintenance needs.

At this meeting, staff will make a presentation highlighting Citywide unfunded needs for its buildings, roadways, parks, and related systems.

BUDGET/FINANCIAL INFORMATION:

The City's infrastructure relies heavily on funds from special purpose or restricted funds. Funds for this infrastructure are flat or declining, while construction costs continue to rise. Deferral of these projects' construction results in continued deterioration of Citywide assets and ultimately accelerates the final construction costs needed for improvement of these assets.

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