



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: June 28, 2016

TO: Finance Committee

FROM: Transportation Division, Public Works Department

SUBJECT: Citywide Infrastructure Needs

RECOMMENDATION:

That the Finance Committee hear a presentation on alternatives to increase the amount of funding available to support investment in the Capital infrastructure related to City streets, including pavements, sidewalks, and storm drains.

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, streetlights, 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 Streets Funds related projects. There are currently over 30 Capital projects in various stages of completion. The majority of these projects 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 the Streets 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 by increasing the efficiencies associated with ongoing 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.

On May 10, 2016, the Finance Committee heard a presentation from staff regarding the unfunded Capital needs for Streets and General Fund assets. The presentation highlighted the funding gap needed for maintenance of City parks, buildings, fire stations, roads, sidewalks, and storm drains.

On June 7, 2016, the Finance Committee heard a presentation from staff regarding potential strategies to increase Capital funding to streets and related infrastructure. The presentation highlighted the Streets Section's budgetary cost savings and efficiencies completed or anticipated in the near term. The presentation also presented potential cost shifts of activities and services from the Streets Fund to other funding sources.

At this meeting, staff will present updated information related to the Streets Funds' unfunded capital needs, and also will present summarized information of General Fund facilities' unfunded capital needs. Staff will also present potential new revenue options to address these unfunded capital needs.

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 the construction of these projects will result in continued deterioration of citywide assets and will ultimately accelerate the final construction costs needed for improvement of these assets.

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.

PREPARED BY: Chris Toth, Transportation Division Manager/mj

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office