



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 31, 2017

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department
Administrative Division, Finance Department

SUBJECT: Unfunded Infrastructure Needs and Polling Services for Possible Revenue Generating Measure

RECOMMENDATION: That Council:

- A. Hear an update from staff on the growing backlog of deferred maintenance needs including the deficiencies of the Police Department Headquarters;
- B. Authorize the City Administrator to negotiate and execute a not-to-exceed \$55,000 contract for professional services with Fairbanks, Maslin, Maullin, Metz & Associates to conduct a comprehensive opinion poll and focus groups related to a possible revenue generating ballot measure; and
- C. Approve an increase in appropriations of \$55,000 in the Fiscal Year 2017 City Administrator's Office budget from unappropriated reserves to cover the cost of the polling services.

DISCUSSION:

Background

Over the past year, this Council has been discussing the increasing backlog of deferred maintenance of City facilities and the declining condition of those facilities, particularly streets and related infrastructure such sidewalks, traffic signals, storm drains, and street lights.

Discussions about the need for additional infrastructure funding have been occurring periodically since 2008 when Council appointed a citizen Ad-Hoc Infrastructure Task Force to assess the shortfall of investment in infrastructure and make recommendations to increase infrastructure investment. The Task Force developed a number of recommendations, however these recommendations coincided with the recession and were unable to be implemented at that time.

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The infrastructure issue was again studied by Council in 2014 through the appointment of a Council Ad Hoc Committee (Mayor Schneider, Councilmember White, and Councilmember Rowse). The Committee conducted extensive public outreach and obtained input on facility needs and ideas to close the gap in infrastructure funding. Based on extensive outreach and polling, Council learned that the highest ranked priorities were: 1) street maintenance; 2) replacement of the Police Station located on Figueroa Street; and 3) sidewalk maintenance. Council considered placing a sales tax measure on the November 2015 ballot, but did not to reach a consensus on the form of such a measure.

The current Council infrastructure discussion was reinitiated at the February 2, 2016, Council meeting when Public Works staff updated Council on the declining condition of City streets. Council referred the item to the Finance Committee for further investigation and recommendations. Over the course of ten meetings, the Finance Committee requested and received extensive information on all City General Fund infrastructure needs.

Finance Committee recommendations to Council were presented on November 22, 2016, and included: 1) transferring downtown shuttle expenses to the Downtown Parking and Waterfront Funds; 2) considering borrowing against future Measure A revenues to fund near-term street repairs; and, 3) considering a sales tax measure that would increase the current local sales tax rate by $\frac{1}{4}$ cent to up to 1 cent. Council approved the Finance Committee recommendations for the first two recommendations and directed staff to return in January 2017 for further discussion of the sales tax measure.

At today's meeting, staff will summarize deferred maintenance needs of the City's General Fund facilities and Streets infrastructure, and provide a more in-depth discussion of the needs of the Police Department Building.

The Police Department building was constructed in 1959 for a staff of 85. Today's staff of 212 cannot be housed in the building, necessitating the rental of the adjacent building. Over the past several years, a total of \$3.7 million was spent to complete projects at the Police Department building to address short term issues to make the building more functional by relocating the 9-1-1 Call Center, renovating the locker room, and updating the HVAC system. Significant building deficiencies remain including: outdated plumbing and electrical systems; insufficient parking; lack of compliance with current building and fire codes; overcrowded work areas; lack of ADA accessibility; lead and asbestos in building materials; and, importantly, lack of seismic reinforcement sufficient to ensure the building would remain operational through an earthquake.

Public Opinion Polling

To help Council consider whether to place a sales tax measure on the ballot, a formal polling effort is needed to gather community input on specific funding options for infrastructure improvements. Staff issued a Request for Proposals to conduct a public opinion poll and focus groups. Two responses were received from Godbe Research and Fairbanks, Maslin, Maullin, Metz & Associates (FM3). Staff reviewed both proposals and

found both firms to have similar qualifications, experience with community polls, and online polling capability. Both firms are able to complete the poll and present results to Council in the spring. After reviewing the proposals, staff recommends contracting with FM3 because they demonstrated a better understanding of community issues and a better strategy to gather voter preferences. FM3 most recently assisted the Santa Barbara School Districts in polling work for successful ballot measures.

Staff recommends Council authorize an agreement with FM3 to conduct a statistically valid survey and to hold two focus groups to identify community priorities. Approximately 400-500 voters will be surveyed via telephone and email, including bilingual survey work to reach Spanish-speaking residents. Staff recommends Council approve a contract with FM3 for an amount not to exceed \$55,000.

BUDGET/FINANCIAL INFORMATION:

The funding gap for investment in City infrastructure has been estimated at \$27 million per year. This includes the estimated annual debt service requirements to finance the Police Station through a bond issue that would be repaid over 20 years.

Infrastructure funding is not just a local issue, but has emerged as one of the key financing issues in the nation. At the state level, several transportation funding measures have been discussed. While these discussions have been favorable and Governor Brown has been supportive of raising revenues for both state and local transportation needs, the amount of funding that will accrue to the City will likely be in the range of \$3-4 million based on recent proposals. The most recent proposals, AB1 (Frazier) and SB1 (Beall), would provide an estimated \$3.1 million annually to the City of Santa Barbara. Assuming the legislature actually approves such a funding plan, this represents only a fraction of the overall annual needs, which for the City is estimated to be \$27 million.

The City's General Fund currently receives approximately \$22 million in sales tax revenues from the 1 percent local portion of the 7.75 percent sales tax. Therefore, every 0.25 percent increase to the local rate would generate approximately \$5.5 million.

Since the cost for public opinion polling services are not budgeted, additional appropriation authority will be needed from unappropriated reserves.

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APPROVED BY: City Administrator's Office