



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 21, 2017

TO: Mayor and Councilmembers

FROM: Administration Division, Public Works Department

SUBJECT: Six-Year Capital Improvement Program For Fiscal Years 2018 Through 2023

RECOMMENDATION:

That Council accept the Six-Year Capital Improvement Program for Fiscal Years 2018 through 2023.

BACKGROUND:

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; and
- Illustrate unmet capital needs based on anticipated funding levels.

The City of Santa Barbara is facing an increasing backlog of work needed to maintain the City's capital assets. While utilities such as Water, and Wastewater are able to raise rates to cover the cost of maintaining critical infrastructure, the majority of the City's infrastructure relies on tax dollars to fund its maintenance costs. Road maintenance remains one of the most significant expenses for the City; however, the funding source to accomplish road maintenance has remained flat over the past decade while costs have increased. The result is the declining condition of local roadways. The City is now focused on pothole repair rather than repaving streets. Measure A, passed by voters in 2008 to fund local roads, provides a source of annual revenues to local jurisdictions for streets maintenance and repairs, but also commits a significant share of these County-wide revenues to fund the Highway 101 widening.

Other facilities throughout the City are also in need of repair or replacement. The swimming pools serving local youth at City parks are in need of overhaul. The 70 year old Police Headquarters building is too small to serve current needs and does not meet earthquake standards. Some of the City's most iconic landmarks, such as the Cabrillo Pavilion, Carrillo Street Gym, and the Thousand Steps beach access are in need of major renovation. Capital funding is also needed for playground replacements, tennis court reconstruction, aging irrigation systems, outdated restrooms, and playing fields. Since 2008, the amount of identified unfunded projects has increased \$82.6 million (M) every two years on average. Table 1 shows the amount of identified unfunded projects over a ten year period.

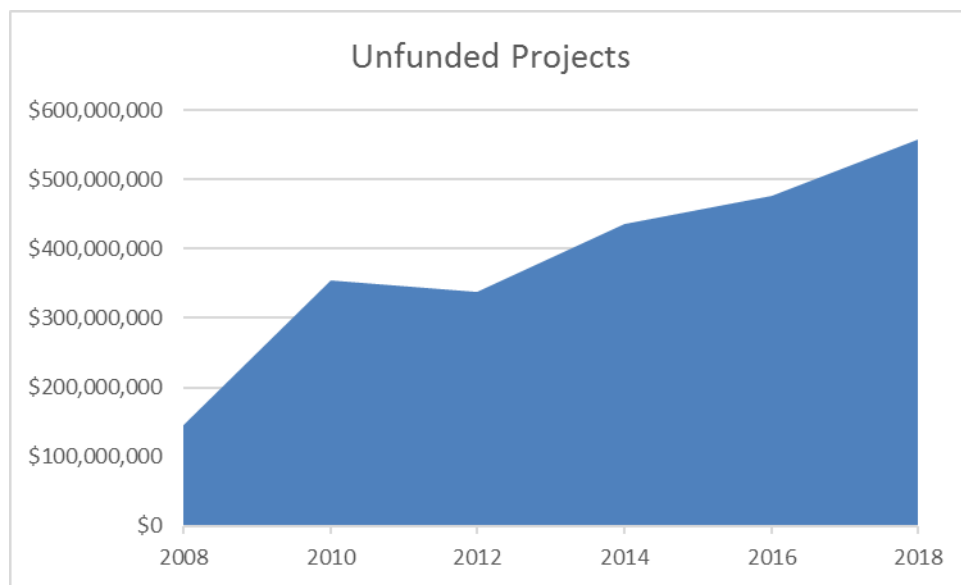


Table 1

The City of Santa Barbara's CIP presented here 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 program for many years. The first two years of the program include projects that will be included for funding consideration in the next two-year Financial Plan. Although there is not sufficient funding to complete all the projects listed in the first two years, these projects represent the priority projects for completion. The remaining four years inform Council and the community of future needs.

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 generally updated every two years to coincide with the City's two-year Financial Plan and 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 \$800 M for the six-year planning period. Projects with secured or identified funding total in excess of \$236 M, with approximately \$564 M in unfunded projects. Financial summary tables containing all CIP projects and funding sources are in the CIP.

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 or the City may also receive direct funding for projects from other agencies, jurisdictions or individuals through grants, loans, donations, 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 early fall, staff develop the Draft CIP projects using input and requests from a variety of sources including City Council direction, Boards, Committees, 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 subsequently reviewed by City Boards, Committees, and Commissions that advise Council on various City programs.

The Planning Commission reviewed the CIP for consistency with the General Plan and recommended that it be brought before City Council. Other City Boards, Committees, and Commissions also have 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, Committees, and Commissions review the CIP projects in their purview for consistency with existing plans, programs and ordinances, and make recommendations to Council on the CIP projects as part of the budget and future planning for each program area.

Board, Committee and Commission Action Summaries:

The following table lists the City Boards, Committees, 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	10/19/16	The Commission received and commented on the Draft Airport Fiscal Year (FY) 2018-2023 CIP.
Creeks Advisory Committee	Creeks and Water Quality Improvement	11/16/16	The Committee received a presentation and discussed the proposed Creeks Division CIP for FY 2018-2023 and recommended that the City Administrator forward the proposed program to Council for review and approval as part of the FY 2018 and FY 2019 Financial Plan.
Downtown Parking Committee	Public Works - Downtown Parking	11/10/16	The Committee heard a report from staff on the FY 2018 Six-Year CIP.
Harbor Commission	Waterfront	11/17/16	The Commission reviewed and recommended Council approval of the Waterfront Department Six-Year CIP for FY 2018-2023.
Library Board	Library	11/10/16	The Board received information on the CIP projects proposed for FY 2018-2023.
Neighborhood Improvement Task Force (NITF) ¹	Neighborhood Improvement Task Force	12/14/16	The Task Force reviewed the proposed FY 2018–2023 CIP and recommended that the CIP be forwarded to Planning Commission and Council.
Parks and Recreation Commission	Parks and Recreation	12/21/16	The Commission reviewed the provided recommendations on the Department’s proposed FY 2018–2023 CIP and recommended that the CIP be

¹ 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.

Board/Commission	CIP Program Reviewed	Meeting Date	Action
			forwarded to Planning Commission and Council.
Transportation and Circulation Committee (TCC)	Public Works - Streets & Alternative Transportation	12/8/16	The Transportation and Circulation Committee heard a presentation discussing the Transportation and Streets CIP.
Water Commission	Wastewater and Water	12/15/16	The Commission received a report on the Draft CIP for FY 2018-2023.

Following acceptance of the CIP by Council, projects scheduled for Fiscal Year 2017 – 2018 and Fiscal Year 2018 – 2019 are prioritized and those for which funding is available become the basis for the Fiscal Year 2018 - 2019 capital budget. The funded projects will be included in the capital budget that 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); and
- 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.

Given the wide variety of specialized funding sources and the framework of adopted plans and policies, selection of projects for the CIP does not follow a one-size-fits-all priority setting process. Safety has highest priority, followed by maintaining existing infrastructure. Within each program area, various projects are selected to be funded based on the needs that have been identified, the total amount of funding projected to be available, the limitations on how the funding can be used, and any direction that has been provided by Council, outside agencies, or other sources of input and guidance.

Projects listed in the first two years are considered “budget ready” projects and have been prioritized by that program area. The first two years’ CIP are considered for funding in the City’s annual Capital Budget.

CONCLUSION:

The CIP has been developed by the Departmental CIP representatives and 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 2018 and 2019 budget and financial plan.

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