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CITY MANAGER

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Mayor and City Council
Sacramento, California

Honorable Members in Session:

The 2011-2016 Capital Improvement Program (CIP) is a five-year expenditure plan which provides the City with a financial strategy to fund infrastructure and facility needs. The CIP includes the Capital Budget for Fiscal Year (FY)2011/12 which totals \$58.2 million, and includes funding for 160 programs and projects in various geographic areas of the City of Sacramento. The General Fund total for capital expenditures in FY2011/12 is \$3.4 million, which will provide support to only critical, life safety, and fee supported programs. The five-year program totals \$216.5 million from all funding sources, \$21.2 million from the General Fund, and includes 194 programs and projects. The 2011-2016 CIP has been prepared in accordance with generally accepted accounting principles.

Given the challenges the City has faced in all capital funding sources over the past several years, we have worked towards maximizing all available capital resources including the identification of alternative funding opportunities, limiting General Fund contributions to projects/programs if available resources exceed the annual budget for the program, leveraging existing City resources with grant funds, and closing completed projects and returning remaining funds to fund balance.

In addition to ongoing programs and projects, a funding transfer is recommended from the City's Deferred Maintenance Program (C13000500) to the Enterprise Resources Planning (ERP) program (A07000600), officially known as the electronic Citywide Accounting and Personnel System (eCAPS) to provide the required critical path software upgrade. When the City implemented eCAPS in 2007, the vendor contract provided an agreement for system support for five years. As with most major software systems, upgrades are required on a regular basis in order to maintain compatibility with program changes and continued technical support. By the summer of 2011 the City's eCAPS version will no longer be supported by the vendor without paying an additional maintenance fee. Effective December 2012, the City will no longer receive critical software updates necessary to comply with tax reporting requirements (W-2 and 1099s) and federal and state payroll changes. The mandated upgrade will ensure the City's ongoing compliance with new reporting laws, improve central coordination, enhance accountability and minimize risk within the City's financial system. Additionally, this upgrade will eventually allow for the elimination of redundant systems, saving money over the next five-year period, and support the conversion of over 150,000 transactions to paperless, consistent with the City's sustainability efforts.

Notwithstanding the financial challenges the City is addressing, the projects included in the 2011-2016 CIP continue to reflect Council's adopted policies and plans, including the City's 2030 General Plan, Transportation Programming Guide, Utility Master Plans, Parks and Recreation Master Plan, and the Parks and Recreation Programming Guide.

Finally, I am pleased to report that the City has received the California Society of Municipal Finance Officers (CSMFO) Association Excellence in Capital Budgeting Award for its FY2010/11 Adopted Capital Improvement Program. This award was established by CSMFO to recognize agencies whose Capital Improvement Budget meets certain statewide standards and requirements considered to be of the highest quality. This is the second year in which the City has been bestowed this award. I wish to express my sincere appreciation to the Mayor and City Council for providing clear goals and direction through the adoption of master plans, which have been incorporated in the CIP, and to the staff members who have contributed in the preparation of the capital budget.

Respectfully submitted,



William H. Edgar
Interim City Manager





The California Society of Municipal Finance Officers (CSMFO) presented an Excellence in Operational Budgeting Award to the City of Sacramento, California for its annual budget for the fiscal year beginning July 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets the criteria for excellence established by CSMFO.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to CSMFO to determine its eligibility for another award.



2011-2016 CAPITAL IMPROVEMENT PROGRAM

THE 2011-2016 CAPITAL IMPROVEMENT PROGRAM (CIP)

The 2011-2016 CIP totals **\$216.5 million** from all funding sources. The General Fund portion of the five-year program is \$21.2 million. The FY2011/12 CIP Budget totals \$58.2 million.

The following is a summary of the larger projects included in the FY2011/12 CIP Budget:

- 12th Street Corridor Signal Upgrade (T15115000, Section I);
- Cesar Chavez Plaza Improvements (L19207000, Section G);
- Citywide Deferred Maintenance for City Facilities (C13000500, Section D);
- Dellar Landfill Closure (Y14000700, Section J);
- Elevator Renovation/Modernization Project (V15410000, Section I);
- Executive Airport Ditch Culvert Replacement (W14120900, Section J);
- Franklin Boyce Park (L19118100, Section G);
- Freeport Shores Bike/Pedestrian Trail (K15000000, Section G);
- Hagginwood Park Improvements Ph2 (L19195200, Section G);
- La Mancha Way Bridge Rehabilitation Project (T15116000, Section I);
- Natomas Safe Routes to School (T15105000, Section I);
- Reichmuth Park Improvements Phase 2 (L19153100, Section G);
- Residential Water Meter Program (Z14010000, Section J);
- Street Overlays and Seals Program (R15122000, Section I);
- Theater Renovation Program (M17100100, Section F); and
- West Side Access at 4th Street and I Street (T15068200, Section I).

Detailed information on the projects listed above can be found on the project detail sheets in the appropriate CIP Sections as referenced.

Program Highlights & Issues

The scope of an existing CIP description may include only the preliminary aspects of a project such as master planning or environmental review. In such projects, additional funding and a new CIP approved by the Mayor and City Council are required to fully develop the project. Other projects may include the development of Phase I of a new facility or the entire project. The level of funding and the project scope description in the CIP determine the parameters of the project at that point in time. The following summarizes major Program Areas with project funding included in the 2011-2016 CIP:

General Government

The 2011-2016 General Government CIP totals approximately \$13.9 million. The FY2011/12 CIP budget for the General Government Program is \$1.8 million including \$1 million in General Funds. In an effort to address the City's significant budget challenges, all General Fund CIPs were reviewed to determine funding requirements for FY2011/12. This review resulted in a funding hiatus for the Americans with



Disabilities (ADA) Program and a reduction to the City's Deferred Maintenance Program from \$1 million to \$500,000 as there are adequate resources available in both programs to deliver the projects identified for FY2011/12.

The General Government section also includes General Fund projects that are fully offset by user fees, development surcharges, and management fee dedications. These projects include: Planning Technology (A21006400); Plan/Permit Network System (A21006600); and Information Technology Improvements (A07000300 and A07000400).

In addition to ongoing programs and projects, a funding transfer from the City's Deferred Maintenance Program (C13000500) to the Enterprise Resources Planning (ERP) program (A07000600), also known as the electronic Citywide Accounting and Personnel System (eCAPS) is included for FY2011/12. When the City implemented eCAPS in 2007, the vendor contract provided an agreement for system support for five years. As with most major software systems, upgrades are required on a regular basis in order to maintain compatibility with program changes and continued technical support. By the summer of 2011 the City's eCAPS version will no longer be supported by the vendor without paying an additional maintenance fee. Effective December 2012, the City will no longer receive critical software updates necessary to comply with tax reporting requirements (W-2 and 1099s) and federal and state payroll changes. This required upgrade will also provide increased efficiency, improved accountability and additional tools to minimize risk to the City.

Public Safety

The 2011-2016 Public Safety CIP totals \$11.6 million. The Public Safety section reflects the City's efforts to provide/replace public safety emergency generators throughout the City and to ensure sustainable funding for long-term capital equipment necessary for advanced life safety and fire fighting services. In addition to the annual capital budget, an additional \$1.8 million in General Funds is budgeted in the FY2011/12 Operating Budget to make required debt payments for fire apparatus purchased over the past several years.

Convention, Culture and Leisure

The Convention, Culture and Leisure (CCL) Department's mission is to promote our unique culture and heritage by delivering accessible arts, leisure, and educational experiences to enrich people's lives and enhance the metropolitan area. The department is unique in that it includes: Golf, the Historic City Cemetery, Historic Old Sacramento, the Center for Sacramento History, enterprise funds that operate like private businesses (Convention Center and Marina), non-profits (Crocker Art Museum, the Sacramento History Museum, the Discovery Museum Science and Space Center, Fairytale Town, and Sacramento Zoo), City and County funded divisions (Metropolitan Arts Commission, the Center for Sacramento History, the Sacramento History Museum, and the Discovery Museum), membership organizations, boards, and commissions. The CIP reflects the diverse and exciting activities that provide numerous educational, cultural, and regional experiences to residents of the City of Sacramento, northern California and beyond.

The FY2011/12 CIP budget for CCL totals \$1.5 million. The budget reflects funding of six projects at the Convention Center Complex (\$1.2 million), four projects at the City's three golf courses (\$214,000), and one project at the Sacramento Marina (\$50,000).

The 2011-2016 CIP for CCL totals \$5.0 million and includes nine projects at the Convention Center (\$3.4 million), two projects for Golf (\$1.1 million), and two projects at the Marina (\$550,000).



Parks and Recreation

Sacramento's parks and recreation system provides the City with significant personal, social, environmental, and economic benefits. All great cities have great parks systems. Our unique parks and recreation programs form the green and social "infrastructure" of a vital, livable city. Our parks, bikeways, community centers, swimming pools, sports fields, skate parks, dog parks, rivers and waterways, urban forest, and nature areas are public places for people to gather, celebrate, learn, connect, grow, relax, and recreate.

Further developing and rehabilitating existing parks and facilities is also a high priority for the Department with a focus on park safety and sustainability. New amenities help meet needs identified in the Parks and Recreation Master Plan and the Parks and Recreation Programming Guide.

The 2011-2016 CIP for Parks and Recreation totals \$84 million, which includes a \$5.6 million budget for FY2011/12. This includes \$1.7 million in projects funded from the Park Development Impact Fee (PIF) and \$1.6 million in projects funded from the Quimby Act.

Transportation

The Transportation Department's mission is to ensure the City's transportation system supports and enriches the quality of life for present and future generations. The department actively works with local, state, and federal agencies to plan and deliver transportation improvements which support the City's Strategic Plan Goals to improve and enhance public safety, achieve sustainability, enhance livability, and expand economic development throughout the City. The 2011-2016 Transportation CIP is designed to optimize the use of available local funds by leveraging state and federal funds to achieve the City's transportation priorities.

The funds programmed in this year's CIP reflect the funding and revenue challenges that are being felt throughout the City and the region. Reductions in New Measure A Construction and Maintenance Sales Tax, Gas Tax, and private development have resulted in reductions in major local transportation revenue sources for the City's Transportation CIPs. As a result major transportation funding sources continue to decline.

As outlined in the January 15, 2008, FY2008/09 Measure A Expenditure Plan, old Measure A (Fund 2001) program fund balances are available for future citywide programming. The old Measure A program balance is \$15.2 million and will be used per City Council direction to preserve/supplement many of the citywide program reductions through 2016.

In FY2011/12, a total of \$17.5 million in new or additional funding will be programmed to 39 new and ongoing projects and programs. The Transportation CIP is divided into seven major areas: Major Streets (major roadway construction); Parking (parking facility maintenance and upgrades); Bridges (rehabilitation, maintenance, and replacement); Street Maintenance (overlays and seals); Traffic Operations and Safety (new traffic signals and signal modifications, Traffic Operations Center, Neighborhood Traffic Management Program, speed humps, pedestrian safety and safety light program); Community Enhancements (street light program and pedestrian improvements program); and Public Rights-of-Way Accessibility (Americans with Disabilities Act compliance).

Approximately 66% (\$11.7 million) of funding is programmed to maintenance and operations projects and programs, 15% (\$2.6 million) of funding to major street construction projects, 6% (\$1.0 million) of the



funding is programmed directly to the Public Rights-of-Way Accessibility Program, and 13% (\$2.2 million) of funding to pedestrian projects, neighborhood street lights, and community enhancements.

Utilities

The projected 2011-2016 Utilities CIP budget totals \$100.9 million. This five-year program budget reflects additional appropriations to existing projects and new projects created in FY2011/12 only, as it assumes relatively flat revenue as there are no approved rate adjustments or financing plans for the out years. The overall costs to fulfill the City's needs in critical utility infrastructure improvements, rehabilitation, and replacements total approximately \$470 million for the five-year period, 2011-2016. This overall cost includes the \$100.9 million described above and additional costs necessary to sustain the City's critical utility system and infrastructures. Some of the out-year major projects include: the continued improvements and rehabilitation of the Combined Sewer System (CSS) as outlined in the CSS Improvement Plan which began in 1995 and is projected to cost approximately \$8-10 million per year; the residential water meter installation program mandated by state law which will cost \$450 million (2010 dollars) in total construction and is projected to cost approximately \$94 million in the five-year period; the rehabilitation of the Sacramento River and Fairbairn Water Treatment Plants which is projected to cost approximately \$150 million over the five-year period. The Department of Utilities will prepare a comprehensive financial plan to fund these projects in the future.

Water projects receiving significant new or additional funding in the 2011-2016 CIP include: Treatment Plant Rehabilitation (Z14006000) to rehabilitate components of the Sacramento River and Fairbairn Water Treatment Plants; and the Residential Water Meter Retrofit Program (Z14010000) as mandated by State law requiring that the City install meters on all residential water services by 2025.

Sewer and CSS projects receiving significant new or additional funding in the 2011-2016 CIP include: Lampasas Avenue Sewer Replacement, Alto to Norwood (X14120600), which will provide additional capacity to a portion of this area that is projected to need additional capacity and will address sanitary sewer overflows; and the Sewer Rehab 2012 (X14120700) which will rehabilitate various sewer mains throughout the City by installing internal liners.

Solid Waste projects receiving new funding in the 2011-2016 CIP include the Dellar Landfill Closure (Y14000700), Groundwater Remediation Project (Y14000400), and the Landfill Site Closure Program (Y14000100) which are necessary to proceed with City landfill closure and post-closure activities, and the Facility Repair and Rehab Program (Y14000900) to fund the upkeep and repair of Solid Waste owned facilities.

Storm Drainage projects receiving new or additional funding in the 2011-2016 CIP include: Boyce Drive Relief Pipeline (W14120300), Drain Inlet Replacement (W14120800), and River Park Drainage Rehabilitation/Replacement (W14121000) to restore reliable function of the smaller drainage ditches and rehabilitation of the undersized and deteriorated drainage pipe in River Park. In addition, Community Facilities District 97-01 is funding a pump station generator and sediment removal in North Natomas (W14121100).

Sacramento Housing and Redevelopment Agency (SHRA)

SHRA's budget is completed on a calendar year basis, so the projects listed in this document were approved in late 2010 for the 2011 calendar year (\$9.8 million). As part of an ongoing collaborative effort to maximize the use of scarce resources, SHRA capital projects are included in this document so that a full picture of all City capital projects can be presented. The SHRA section in this document details all Tax Increment (TI) projects by Redevelopment Area and all Community Development Block Grant



(CDBG) funded projects for FY2010/11. Due to uncertainties in the future funding for both the CDBG Program and Tax Increment revenues, SHRA is not including the use of funds for the five year period in this year's CIP. In cases where the City anticipates managing SHRA funds, funded projects are also found in that department's program section.



The Capital Improvement Program (CIP) is a comprehensive five-year plan for capital project expenditures. The program is a guide for identifying current and future fiscal requirements and becomes the basis for determining annual capital budget expenditures.

WHAT IS A CAPITAL IMPROVEMENT?

Capital improvements are major projects undertaken by the City that are generally not recurring and are for repairs, maintenance, improvement, or acquisition with a total cost of at least \$20,000.

WHAT IS THE DIFFERENCE BETWEEN A CAPITAL IMPROVEMENT PROJECT AND PROGRAM?

Capital improvement projects are typically site specific and have a defined budget and completion date. Capital improvement programs are used for ongoing funding for similar improvements that will be constructed at multiple locations based on the availability of funding annually at locations identified through master plans, planning guides, and replacement programs (e.g., the Groundwater Protection Program, Fire Apparatus Program, Bikeway Program, and Area 1 Park Planning Program). Capital improvement programs are not site specific, do not typically have a defined completion date and will contain "Program" in the title.

THE CIP REVIEW PROCESS

Each project proposal is scrutinized from a variety of approaches before it is included in the CIP. Projects that are included in the CIP are identified by department staff based upon: (1) input from the community received at neighborhood meetings during the year; (2) input from the Mayor and City Council on needs that develop or are identified during the year; (3) the Mayor and City Council approved Master Plans for growth, improvements, and rehabilitation for specific programs (examples include the Parks Master Plan, Library Master Plan, Transportation Planning Guide, etc.); (4) adopted criteria for selecting projects to meet the Mayor and City Council's goals; and (5) staff-identified projects based on critical need due to safety issues or to comply with new mandates.

All CIP projects are reviewed first by the appropriate operating departments. Projects are prioritized and presented for funding based upon the level of funding estimated to be available for the coming fiscal year (FY) and subsequent fiscal years. With the assistance of the Budget, Policy & Strategic Planning Division of the Department of Finance, the City Manager's Office reviews the proposed projects and prepares the CIP for submittal to the Mayor and City Council by May 1st of each year. The proposed CIP is presented, discussed and acted upon by the Mayor and City Council in public session during the budget hearings. Members of the community can comment on the proposed CIP and provide input to the Mayor and City Council during the hearing process. The Mayor and City Council can make changes to the proposed CIP and then take action on final project approval for inclusion in the Approved Capital Improvement Budget and Program.

All projects are reviewed by Planning Division staff and/or the Planning Commission for consistency with the City's General and Specific Plan policies. In general, projects are introduced in accordance with existing approved Master Plans. This CIP incorporates several master plans, including the North Natomas Community and Financing Plan, the Parks and Recreation Programming Guide, the Transportation Programming Guide, and the Utility Master Plans.



PROGRAM SUMMARIES

The bulk of the Capital Improvement Budget includes program area summaries and detailed project pages for each project being funded within those programs during the five-year plan period. The summaries include program goals and criteria used to select projects to meet those goals (project selection criteria); a summary of planned spending; a long-range plan and list of unmet needs (if completed); a summary of projects by fund; and maps detailing project location for FY2011/12 funded projects.

Nine program areas are presented within the Capital Budget. Each Program Area includes subprograms that are divided alphabetically, and in turn the subprograms include a number of different projects. Each project is assigned a four-digit account code when it is approved for funding. The first digit of this code must be the alphabetical letter assigned to the subprogram in which the project is included, with the exception of SHRA projects, which are numeric. Individual projects are detailed in their respective program areas.

New Growth/Infill Areas

Includes a summary of projects by specified geographic areas (i.e., community plan, finance plan, or other specific plan) that are included in various programming sections of the document.

General Government

A – Technology
B – New Buildings
C – Facility Improvements
D – General Government

Public Safety

F – Public Safety

Convention, Culture & Leisure

M – Community Center, Cultural/Arts,
Golf, Marina, and Zoo

Parks & Recreation

K – Bikeways
L – Parks and Recreation

Economic Development

Various Letters dependent on type of project

Transportation

R – Street Maintenance
S – Signals/Lighting/Traffic Control
T – Street Improvements
V – Parking

Utilities

W – Drainage
X – Sewer
Y – Solid Waste
Z – Water

Sacramento Housing & Redevelopment Agency

10 – representing calendar year 2011 – SHRA

The discussion of an individual capital program area generally begins with summary information on total program expenditures and which major projects make up the bulk of those expenditures, what planning documents are referenced in identifying projects, the funding sources to support the projects, and issue statements that highlight significant unresolved fiscal and program policy issues. Each project is summarized within a project detail page.

Project and Program detail sheets include:

- Project Title: Capital Improvement Program (CIP) project number.
- Project Description: A brief but specific description of the project.



- Project Objectives: The purpose(s) of the project.
- Existing Situation: The circumstances that result in the need for the project, including any pertinent history.
- Operating Budget Impact: Any annual operating impact of the completed project.
- Project Costs: For each funding source, the amount of current budget, the estimated amount of unspent budget funds available as of February 2011, and the funding request for each year of the five-year program.

Funding Notes:

1. The following reimbursable funds are included within the Capital Budget for planning purposes but budgets are not loaded until all grant/award documents have been signed:
 - a. Grant Funds (Funds 3702, 3703, and 3704),
 - b. SHRA Community Development Block Grants (Fund 2700), and
 - c. Tax Increment (Fund 3701).
 2. Credit Projects (Fund 9501) are established to account for turnkey parks, infrastructure and other improvements provided by developers in exchange for fee credits. Budgets for these projects are established based on the actual value of the asset at the time it is accepted by the City and will be recorded in the appropriate City fund.
 3. SHRA Projects (Funds 9101-9250) reflects anticipated programming not yet approved by the SHRA Commission, budgets for these funds are not included in Schedule 3. Once authorized by the SHRA Commission these projects are budgeted in Funds 2700 and 3701.
- Funding Years: The five-year CIP includes a fiscal year (FY) budget (2011/12) and four fiscal years of planned programming (2012/13, 2013/14, 2014/15, and 2015/16), except for SHRA programming. SHRA budgets are based on calendar years so 2011/12 refers to planned spending in calendar year 2011.
 - Timelines: Reflects the relationship of budget expenditures to the project timeline. Capital projects will include a Project Start and a Estimated Complete Date; however capital programs will typically not include a timeline for completion as they are ongoing in nature. New capital projects approved at the start a fiscal year will reflect 0% completion in the Approved CIP, but the elapsed time will reflect the current elapsed time of the project at the time the budget is printed. CIP programs are ongoing in nature, and will not have a timeline.
 - City Council District: The number of the City Council District in which the project is located.
 - Neighborhood Area: The number of the Neighborhood Area in which the project is located.



- Planning Area: The number(s) of the planning area(s) in which the project is located (e.g., South Natomas, Pocket, Central City, Meadowview, etc.). Planning areas are defined in the City's General Plan. A map of these planning areas is included in the Sacramento Area Maps Section of this document.
- Project Location: Street address, intersection, building name, etc.
- Project Manager: The name of the department and/or the individual project manager responsible for delivering the capital project.
- The City Charter requires that the City adopt a budget for operations and capital improvements on or before June 30th each year. In adopting a capital plan for five years, we are providing a tool to allow for prudent and longer-term planning and allocation of resources for our facility and infrastructure needs. Each year, staff reaffirms the Mayor and City Council's direction for the following fiscal year and extends the program planning period out for additional years. In some program areas, such as transportation and utilities, the Mayor and City Council have adopted strategies for planning periods exceeding five years to meet the long-term needs of the City.

Long-range needs and priorities, as well as programming guides, have not been adopted by the Mayor and City Council for all capital programs. Until current planning processes are completed and capital priorities are further identified, projects identified for approved funding within the 2011-2016 CIP should be reviewed for consistency with the City's adopted Strategic Plan.

CONTINUING PROJECTS

In addition to new capital projects with funding in FY2011/12 or current projects with additional funding identified in the 2011-2016 capital program, there are many continuing projects that have remaining budget authority but do not have additional funding allocated in future years. Section O of this document indexes these projects by City Council District, and Section P of this document indexes all CIP Projects by CIP Number.

HOW TO READ THIS DOCUMENT

The Capital Improvement Plan and Budget Document contains the following sections:

- 1) The *Executive Summary* contains the City Manager's transmittal letter, Program Highlights, and Issues of the various capital program areas and a summary of the approved five-year plan.
- 2) The *Background of the Capital Improvement Process* includes information on the process and detail on how to utilize information included in the document.
- 3) The *Sacramento Area Maps* section includes Council District, Neighborhood Area, Community Plan Area, Infill Area, Neighborhood Commercial Revitalization, and Redevelopment Area maps.
- 4) Individual capital program area summaries include goals and project selection criteria, project budgets, how they are funded, program issues (including in some cases unmet needs), program long-range plans, and detail sheets for those projects that include funding in FY2011/12 through FY2015/16.



- 5) *Description of Major Capital Funding Sources* provides the following information on funding sources: (a) restrictions on the use of the funds; (b) what legislation governs the use of these funds; (c) five-year historical CIP programming; and (d) how those funds have been expended.
- 6) Indexes of funding for the FY2011/12 CIP Budget by Fund (*Index M*) and Program (*Index N*) and for all active and new projects included in the 2011-2016 CIP by City Council District (*Index O*) and by Project Number (*Index P*).
- 7) A *Glossary* with definitions of commonly used terms or concepts.

A quick reference guide is available at the back of the Table of Contents to provide easy reference to the information contained in this document.

