



---

OFFICE OF THE  
CITY MANAGER

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
5<sup>th</sup> FLOOR  
915 I STREET  
SACRAMENTO, CA  
95814-2684

April 27, 2012

PH 916-808-5704  
FAX 916-808-7618

Honorable Mayor and City Council  
Sacramento, California

Dear Mayor and Members of the City Council:

The 2012-2017 Capital Improvement Program (CIP) is a five-year expenditure plan which provides the City with a financial plan for the funding of infrastructure and facility projects. The CIP includes the Capital Budget for Fiscal Year 2012/13 which totals \$306.6 million, and includes funding for 125 programs and projects in various geographic areas of the city. The General Fund total for capital expenditures in FY2012/13 is \$3.9 million, which will fund only critical, life safety, and fee supported programs. The five-year program totals \$737.7 million from all funding sources, \$21.8 million from the General Fund, and includes 135 programs and projects. The 2012-2017 CIP has been prepared in accordance with generally accepted accounting principles.

Despite the financial challenges the City is facing we cannot continue to ignore our responsibility to invest in the City's infrastructure (water, sewers, streets, bridges, etc.), as infrastructure and economic development and prosperity go hand-in-hand. Without adequate infrastructure to support operational needs, businesses will not find Sacramento an attractive location, and companies needing to expand or seeking to relocate will go elsewhere. The Proposed FY2012/13 CIP Budget includes funding for the Cosumnes River Boulevard/I-5 Extension and Interchange (\$84 million) as well as the rehabilitation of the Fairbairn and Sacramento River Water Treatment Plants (\$150 million). These projects reflect major capital investment in our infrastructure and will provide approximately 4,275 construction jobs.

Over the past year, the Department of Utilities has worked to develop a Water and Wastewater Infrastructure Investment Program that addresses the challenges of replacing old pipes, rehabbing deteriorating water treatment plants, complying with ever increasing regulations, and funding insufficient reserves in an affordable and accountable manner. This CIP includes a significant increase in water and wastewater funded projects as a result of bond financing as approved by the City Council in March. This major capital investment is necessary to maintain compliance with federal, state, and local regulatory mandates, notably the water meter program and Sewer System Management Plan and begin the rehabilitation and maintenance of the City's core infrastructure.

On February 1, 2012, over 400 redevelopment agencies in California, including the Redevelopment Agency of the City of Sacramento, were dissolved (Assembly Bill 1X 26). As a result of this legislative change the City's CIP no longer includes the SHRA (Sacramento Housing and Redevelopment Agency) Program. As the Successor Agency the City will be submitting projects to be completed as identified through the Draft Recognized Obligation Payment Schedule (DROPS) to the Oversight Board. Once

the project list has been approved by the Oversight Board it will be incorporated into the City's CIP in the appropriate City Program.

I am also pleased to report that the City has received the California Society of Municipal Finance Officers (CSMFO) Association Excellence in Capital Budgeting Award for its FY2011/12 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 third year in which the City has been bestowed this award.

The projects included in the 2012-2017 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. 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,



**John F. Shirey**  
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, 2011. 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.



## THE 2012-2017 CAPITAL IMPROVEMENT PROGRAM (CIP)

The 2012-2017 CIP totals **\$737.7 million** from all funding sources. The General Fund portion of the five-year program is \$21.8 million. The FY2012/13 CIP Budget totals \$306.6 million.

The following is a summary of the larger projects included in the FY2012/13 CIP Budget:

- ALS (Advanced Life Support) Equipment Program (F12000200, Section E);
- Citywide Deferred Maintenance Program (C13000500, Section D);
- Cosumnes River Blvd/I-5 Extension & Interchange (T15018000, Section I);
- Distribution Main Rehab (Z14130400, Section J);
- Information Technology Project (Z14003600, Section J);
- Major Street Improvements Program (T15138000, Section I);
- Parking Facilities Development Program (V15710000, Section I);
- Pipe Condition Assessment (Z14006100, Section J);
- Residential Water Meter Program (Z14010000, Section J);
- Roseville Road Bridge Replacement Over Arcade Creek (T15068500, Section I);
- Street and Bikeway Overlays and Seals Program (R15132000, Section I);
- Treatment Plant Rehabilitation Design (Z14006000, Section J);
- Wastewater CSS Capital Reserve Program (X14010000, Section J); and
- Well Rehabilitation (Z14110100, Section J).

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 City Council are required to fully develop the project. Other projects may include the development of Phase I of a new facility or of 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 2012-2017 CIP:

### General Government

The 2012-2017 General Government Program totals approximately \$13.9 million. The FY2012/13 CIP budget for the General Government Program is \$2.3 million including \$1.6 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 FY2012/13. This review resulted in \$128,000 of funding for the Americans with Disabilities (ADA) Program and \$1 million of funding for the City's Deferred Maintenance Program.



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).

### **Public Safety**

The 2012-2017 Public Safety Program totals \$11.7 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 firefighting services. In addition to the annual capital budget, an additional \$1.8 million in General Funds is budgeted in the FY2012/13 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 Program delivers accessible arts, leisure, and educational experiences to enrich people's lives and enhance the metropolitan area. 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 FY2012/13 CIP budget for the Convention, Culture and Leisure Program totals \$1.3 million. The budget reflects funding of seven projects at the Convention Center Complex (\$1,100,000), one project at William Land Golf Course (\$15,000), one project for the Art in Public Places (APP) – Maintenance Program (\$150,000), and one project at the Sacramento Marina (\$50,000). The 2012-2017 CIP for Convention, Culture and Leisure Program totals \$6.3 million and includes eight projects at the Convention Center (\$5.6 million), one project for Golf (\$75,000), one project for APP (\$150,000), and two projects at the Marina (\$445,000).

It is important to note that although the City is no longer in the golf operations business the golf courses remain a City asset and as such funds are budgeted for improvements at William Land Golf Course.

### **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 a high priority 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. In FY2012/13, a total of \$2.3 million in new or additional funding will be programmed to 12 new and ongoing projects and programs.

### **Transportation**

The 2012-2017 Transportation Program is designed to optimize the use of available local funds by leveraging state and federal funds to achieve the City's transportation priorities. In FY2012/13, a total of \$108.2 million in new or additional funding will be programmed to 36 new and ongoing projects and programs. The Transportation CIP is divided into seven major subprograms: 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).

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 \$12.1 million and will be used per City Council direction to preserve/supplement many of the citywide program reductions through 2017.

The FY2012/13 Transportation Program reflects funding of 36 projects or programs: three in major street construction; 18 in maintenance and operations; 14 in pedestrian projects, neighborhood street lights, and community enhancements; and one in public rights-of-way accessibility.

### **Utilities**

The 2012-2017 Utilities Program totals \$525.2 million. This five-year program reflects additional appropriations to existing projects and new projects created in FY2012/13 as well as future years as reflected in the Water and Wastewater Program (Program). The Program is a 30-year look at the infrastructure needs of the water and wastewater systems that includes a five-year project specific plan. The five-year plan uses a mix of bond and cash financing that allows the city to invest in its infrastructure and to meet regulatory requirements while smoothing rate increases and avoiding rate spikes for utility customers. The overall costs to fulfill the City's needs in critical utility infrastructure improvements, rehabilitation, and replacements total approximately \$525.2 million for the five-year period, 2012-2017.

Water projects receiving significant new or additional funding in the 2012-2017 CIP include: Treatment Plant Rehabilitation Design (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.

Wastewater and CSS projects receiving significant new or additional funding in the 2012-2017 CIP include: 7th Street Sewer Upsizing K to P Street, which will provide additional capacity and is one of the final legs of the larger 15-year program to upsize downtown sewers, and the Wastewater Collection Pipe Lining (X14130700), which will rehabilitate various wastewater mains throughout the city by installing internal liners.

Solid waste projects receiving new funding in the 2012-2017 CIP include: Groundwater Remediation Program (Y14000400), and the Landfill Site Closure Program (Y14000100). Both programs are necessary to proceed with City landfill closure and post-closure activities. In addition, the Solid Waste Facility Repair and Rehab Program (Y14000900) will receive new funding to maintain and repair City-owned facilities.

The primary storm drainage project receiving new or additional funding in the 2012-2017 CIP is the Information Technology Program (Z14003600).



The 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 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 and subsequent fiscal years. The Budget, Policy & Strategic Planning Division of the Department of Finance reviews the proposed projects and prepares the CIP for submittal to the Mayor and City Council by May 1<sup>st</sup> 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 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 FY2012/13 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 letter and eight-digit 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. Individual projects are detailed in their respective program areas.

### General Plan Consistency

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 – Bikeway  
L – Parks and Recreation

#### Economic Development

U – Successor Agency  
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 – Wastewater  
Y – Solid Waste  
Z – Water

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: 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 2012, and the funding request for each year of the five-year program.
- Funding Notes: 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: Grant Funds (Funds 3702, 3703, and 3704).
- Funding Years: The five-year CIP includes a fiscal year (FY) budget (2012/13) and four fiscal years of planned programming (2013/14, 2014/15, 2015/16, and 2016/17).
- Timelines: Reflects the relationship of budget expenditures to the project timeline. Capital projects will include a Project Start and an Estimated Completion 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 of 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.
- 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.
- Plan Area: The number(s) of the plan area(s) in which the project is located (e.g., South Natomas, Pocket, Central City, South Area, etc.). Plan areas are defined in the City's General Plan. A map of these plan 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 30<sup>th</sup> 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 City Council's direction for the following fiscal year and extends the program planning period for additional years. In some program areas, such as transportation and utilities, the 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 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 2012-2017 CIP should be reviewed for consistency with the City's adopted Strategic Plan.



## CONTINUING PROJECTS

In addition to new capital projects with funding in FY2012/13 or current projects with additional funding identified in the 2012-2017 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 CIP 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.
- 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 FY2012/13 through FY2016/17.
- 5) *Description of Major Capital Funding Sources* provides the following information on funding sources: (a) restrictions on the use of the funds; (b) legislation governing 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 FY2012/13 CIP Budget by Fund (*Index M*) and Program (*Index N*) and for all active and new projects included in the 2012-2017 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.

