City of
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July 1, 2014

Honorable Mayor and City Council
Sacramento, California

Mayor and Members of the City Council:

The Approved 2014-2019 Capital Improvement Program (CIP), the City's five-year financial plan for the funding of infrastructure and facility needs, totals $483.8 million from all funding sources including $26 million from the General Fund. The Approved 2014-2019 CIP has been prepared in accordance with generally accepted accounting principles.

The approved budget for Fiscal Year (FY) 2014/15 totals $44.5 million and includes funding for 123 programs and projects in various geographic areas of the city. Approved General Fund capital expenditures in FY2014/15 are $5.1 million, funding critical life safety and fee-supported programs.

The Approved 2014-2019 CIP continues to reflect Council's adopted policies and plans while using technology and innovation to become more efficient with our capital programming resources. Whether it is funding to strengthen citywide infrastructure or improve connectivity within the city, the projects and programs contained in this proposal will support sustainability by investing or reinvesting in City assets. The $6.8 million for the Residential Water Meter Program (Z14010000) is the largest project funded in FY2014/15. This project will aid the City in identifying leaks and encourage conservation of our limited water resources. The City Facility Reinvestment Program (C13900000) will receive funding in the amount of $1.0 million. Continued funding for this program is critical, as even with this funding the City continues to defer maintenance and improvements of City facilities at a rate of $1.5 - 2.0 million a year. The City is also expecting to receive a $2.6 million federal grant to begin the replacement of the Rio Linda Boulevard & Main Avenue Bridge project (T15095200), a functionally obsolete bridge in the north area of the city.

Continued investment in our capital assets reflects our commitment to the city's physical infrastructure without which we would be unable to continue to deliver quality programs and services. I wish to express my sincere appreciation to the staff members who have contributed in the preparation of the capital budget.

Respectfully submitted,

John F. Shirey
City Manager

California Society of Municipal Finance Officers

Certificate of Award

Capital Budget Excellence Award
Fiscal Year 2014

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February 11, 2014

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THE 2014-2019 CAPITAL IMPROVEMENT PROGRAM (CIP)

The 2014-2019 CIP totals $483.8 million from all funding sources. The General Fund portion of the five-year program is $26.0 million. The FY2014/15 CIP Budget totals $44.5 million.

Program Highlights and 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 2014-2019 CIP.

Detailed information on the CIPs receiving funding within the five-year plan is shown on project detail sheets in the each program section.

General Government

Despite the fiscal challenges the City faces, the five-year General Government Program continues to reflect the City's commitment to focus resources toward existing facilities and programs including the Citywide American Disabilities Act (ADA) Program (C13000400, $2.5 million) and the City Facility Reinvestment Program, (C13900000, $5.0 million), formerly the Deferred Maintenance Program (C13000500). As facility reinvestment projects are identified for completion, staff will continue to focus on sustainability and "green building" practices.

The FY2014/15 budget for the General Government Program is $3.6 million including $2.2 million in General Funds. The 2014-2019 program totals $15.4 million for 12 projects.

Public Safety

The Public Safety Program 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. Funding in the five-year plan is allocated for medical equipment, vehicles, and generators: ALS (Advanced Life Support) Equipment Program (F12000200), Fire Apparatus Program (F12000300), and Public Safety Administration Facilities (PSAF) Generator Upgrade Program (F13000300).

The FY2014/15 Public Safety Program totals $2.9 million for the three CIPs discussed above; General Funds provide all financing. The 2014-2019 program totals $16.1 million for the three projects.

Convention, Culture, and Leisure

The Convention, Culture, and Leisure Program provides accessible arts, leisure, and educational experiences to enrich the community and enhance the metropolitan area. The CIP reflects the diverse and exciting activities that offer numerous educational, cultural, and regional experiences to residents of the City, northern California, and beyond. The major program in the five-year plan is the Theater Renovation Program (M17100100) that receives its funding from the arts organization supported ticket surcharge of $3.00 per ticket. Although the City no longer provides golf operations directly, our golf

courses remain a City asset and as such funds are budgeted for improvements at William Land Golf Course.

The FY2014/15 Convention, Culture, and Leisure Program provides funding of $1.7 million for eight programs. The 2014-2019 program totals $7.6 million for 10 projects.

Parks and Recreation

Sacramento's parks and recreation system provides its residents with significant personal, social, environmental, and economic benefits. Further developing and rehabilitating existing parks and facilities is a high priority with a focus on park safety and sustainability. One of the major projects receiving funding is the American River Parkway Expansion (ARPE) at Sutter's Landing project (L19167200). It will utilize revenues generated from the billboard lease at the park to improve, protect, and enhance the recreation and nature experience at the park.

In FY2014/15, a total of $2.2 million in new or additional funding will be programmed to 17 new and ongoing projects and programs. The 2014-2019 program totals $2.2 million for 19 projects.

Economic Development

No capital projects are included in the 2014-2019 CIP. Once available for expanding economic capital, the downturn in the economy has dramatically reduced General Fund support of these ventures. Historically, the secondary source of funding was redevelopment funds, but those were eliminated with the dissolution of redevelopment agencies in 2011. A new Economic Development Fund was established from property tax revenues received as the result of the dissolution of redevelopment and was authorized in Budget Resolution 2013-0198. Guidelines for the new program will be presented in the spring of 2014.

Transportation

The 2014-2019 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. Last year, pedestrian and bicycle projects (projects that begin with the letter "K") were moved into the Transportation Program to reflect the importance of those modes of travel as part of the overall transportation network.

The FY2014/15 Transportation CIP is divided into seven major subprograms: Major Streets (major roadway construction); Parking (parking facility maintenance and upgrades); Bridges (maintenance and improvements); Street Maintenance (overlays and seals); Traffic Operations and Safety (new traffic signals and signal modifications, Traffic Operations Center, traffic calming, pedestrian safety, and major street light replacement programs); Community Enhancements (bikeway programs, alley abatement, street light and pedestrian improvement programs); and Public Rights-of-Way Accessibility (Americans with Disabilities Act compliance). Major programs receiving funding in the five-year plan include: Major Street Improvements Program FY2015 (T15158000); State & Federal Grant Match Program (T15007200); and Street & Bikeway Overlays & Seals Program FY2015 (R15152000).

In FY2014/15, a total of $21.2 million will be programmed in or reallocated from 36 new and ongoing projects and programs. The 2014-2019 program totals $66.3 million for 36 projects.

City Utilities

The City Utility Program has four major funding sources: Solid Waste, Storm Drainage, Wastewater, and Water. In addition, Water and Wastewater revenue bonds have become another major source of funding for the capital projects.

A substantial portion of the five-year program budget reflects the infrastructure needs of the water and wastewater systems. Additionally, in response to the current drought conditions in California, the City Utilities Program will focus on rehabilitation and maintenance efforts necessary to ensure adequate water supply. The five-year plan uses a mix of bond and cash financing that allows for investment in the City's infrastructure and to meet regulatory requirements while smoothing rate increases and avoiding rate spikes for utility customers. Major City Utilities programs for FY2014/15 include the Residential Water Meter Program (Z14010000) to ensure compliance with state law by 2025 and the Solid Waste Facility Repair & Rehabilitation Program (Y14000900) to address ongoing facility-related issues.

There was a significant bond-funded appropriation for this program in FY2012/13 for the Sacramento River Water Treatment Plant and the Fairbairn Water Treatment Plant (Z14006000) and Wastewater Combined Sewer System (CSS) Capital Program (X14010000). The five-year program reflects a continuation of the program with another major bond-funded appropriation anticipated in FY2015/16: FWTP Rehabilitation (Z14130200) and Wastewater CSS Capital Program (X14010000). Funding to support full implementation of the final four years of the five-year plan will require subsequent approval from City Council.

The FY2014/15 budget for 26 existing and new CIPs is $12.9 million. The 2014-2019 program totals $376.2 million for 49 projects.

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 or programs undertaken by the City that are for repairs, maintenance, improvement, or acquisition of City assets with a total cost of at least $20,000.

WHAT IS THE DIFFERENCE BETWEEN A CIP PROJECT AND PROGRAM?

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

THE CIP REVIEW PROCESS

Each project proposal is scrutinized from a variety of approaches before it is included in the CIP. CIPs that are included in the five-year program 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 and guides for growth, improvements, and rehabilitation for specific programs (examples are included in the Glossary and Resources section of this book); (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 responsible operating departments. Utilizing the resources available, e.g., *Transportation Programming Guide*, CIPs 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 Finance Department reviews the proposed projects and prepares the CIP for submittal to the Mayor and City Council no later than 60 days prior to the start of the new fiscal 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 CIP and Operating Budget.

All projects are reviewed by the Community Development Department's Planning Division staff and the Planning and Design Commission for consistency with the City's General and Specific Plan policies (Government Code §65402). In general, CIPs are introduced in accordance with existing approved master plans and planning guides, such as the *Sacramento 2030 General Plan* and others included in the Glossary and Resources section.

PROGRAM SUMMARIES

The bulk of the CIP document 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 FY2014/15 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 reflects 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

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

Public Safety – Section E
F – Public Safety

Convention, Culture, and Leisure – Section F
M – Community Center, Cultural Arts, Golf, Marina, and Zoo

Parks and Recreation – Section G
L – Parks and Recreation

Economic Development – Section H
U – Successor Agency
Other various letters, dependent on type of project

Transportation – Section I
K – Bikeway
R – Street Maintenance
S – Signals/Lighting/Traffic Control
T – Street Improvements
V – Parking

City Utilities – Section J
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 being funded in the five-year plan is summarized within a project detail page.

Project and program detail sheets include the following:

- Project Name and Number: CIP project or program name and its corresponding number. Both would be referenced when putting the project to bid or with any City Council action needed.
- 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 2014, and the funding request for each year of the five-year program.

    - Note: The following reimbursable funds are included within the Capital Budget for planning purposes, but budgets are not appropriated in the fiscal year until all grant and/or award documents have been signed: Grant Funds (Funds 3702, 3703, and 3704) and City Utility Grant Funds (Funds 6015, 6205, 6206, 6207, and 6211).

- Funding Years: The five-year CIP includes a fiscal year (FY) budget (2014/15) and four fiscal years of planned programming (2015/16, 2016/17, 2017/18, and 2018/19).

- Timelines: Reflects the relationship of budget expenditures to the project timeline. Capital projects will include a Project Start Date and an Estimated Completion Date; however, capital programs will 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, but the elapsed time will reflect the current elapsed time of the project at the time the budget is printed.

- Council District: The number of the City Council District in which the project is located.

- Plan Area: The number(s) of the plan area(s) in which community the project is located (e.g., South Natomas, Pocket, Central City, South Area). Plan areas are defined in the City's *2030 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 Council adopt a budget for operations and capital improvements on or before June 30 each year. In adopting a capital plan for five years, we are allowing 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 has adopted strategies for planning periods exceeding five years to meet the long-term needs of the City.

CONTINUING PROJECTS

In addition to new capital projects or current projects with additional funding identified in the 2014-2019 CIP, there are many continuing programs or projects that have remaining budget authority but do not

have additional funding allocated in future years. These are listed in Index N by City Council District, and Index O by Project Number.

HOW TO READ THIS DOCUMENT

The CIP contains the following sections:

1) The Table of Contents provides a quick list of the various sections and the page numbers on which they begin.

2) The *Executive Summary & Background* 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. 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 Districts, Community Plan Areas, Shovel-Ready Areas, Neighborhood Commercial Revitalization Areas, and Bikeways.

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 FY2014/15 through FY2018/19.

5) *Description of Major 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 for the period 2014-2019; (c) five-year historical CIP programming; and (d) a summary of how those funds have been expended.

6) *Indexes* of funding for the FY2014/15 CIP Budget by Funding Source (*Index L*) and Program Area (*Index M*) and for all active and new projects included in the 2014-2019 CIP by City Council District (*Index N*) and by Project Number (*Index O*).

7) A *Glossary & Resources* section contains definitions of commonly used terms or concepts and links to various planning documents used to rate and create this CIP.