

John F. Shirey
City Manager

City Hall
915 I Street, Fifth Floor
Sacramento, CA 95814-2604
916-808-5704

July 1, 2016

Honorable Mayor and City Council
Sacramento, California

Mayor and Members of the City Council:

The Approved 2016-2021 Capital Improvement Program (CIP) is the City's five-year financial plan for funding infrastructure and facility needs; it totals \$240.6 million including \$34.3 million in General Funds. The fiscal year (FY) 2016/17 CIP totals \$71.4 million, including \$12.1 million in General Funds and \$4.5 million in Measure U Funds.

The City's infrastructure and assets include City facilities where programs and services are delivered, or in the case of utilities, the conduit for service delivery. The construction and maintenance of the City's physical infrastructure is a core responsibility. Like many cities and states, despite clearly pressing infrastructure investment needs, ongoing investment in Sacramento's infrastructure has taken a back seat to funding the increased costs of delivering programs and services. As a result, we have managed to include only modest funding for the maintenance of the City's vital assets in annual budgets. The Parks and Recreation, Public Works, and Utilities Departments currently estimate deferred maintenance backlog is:

- \$765 million for water, sewer, and drainage infrastructure
- \$150 million for roads and bridges
- \$30 million in facility repairs and replacements

Measure U has provided much needed resources for assisting with ongoing operations yet maintenance continues to be at a critical deficit for parks and facilities funded by the General Fund. While the introduction of fuel-efficient vehicles has reduced overall emissions, it has also resulted in the reduction of gas tax revenues used to maintain City roads and bridges. As detailed in the FY2015/16 Midyear Budget report a similar effect is also seen in water conservation as much needed conservation lowers

consumption, which in turn lowers the revenues that provide the resources upon which programs and services rely.

It is essential for the long-term health of our city that infrastructure needs are addressed, as they substantially affect the economic vitality and quality of services in the community. As previous investments are now reaching the end of their useful lives, there is a growing need to replace, expand, and modernize facilities. Building on the efforts of the last several years and guided by your identified priorities, the CIP continues targeted investments to maintain, rehabilitate, and rejuvenate a wide array of public infrastructure to improve system reliability, enhance recreational experiences, advance public safety, and ensure that Sacramento remains well-positioned for further economic growth and opportunity. In an effort to address critical facility needs, infrastructure, and conservation efforts with the resources available, the CIP for FY2016/17 includes:

- \$5.6 million for the City Facility Reinvestment Program
 - \$1 million for facility repairs/replacements
 - \$4 million for community centers, aquatic facilities, and the softball complex
 - \$0.6 million for a facility assessment to better understand the City's deferred maintenance/capital replacement needs for approximately 100 of the City's significant buildings
- \$4.5 million for the replacement of fire stations 14 and 15 due to unanticipated infrastructure and property acquisition costs. This funding is in addition to the \$10 million approved in FY2015/16 for these stations.
- \$9.2 million for the Wastewater Combined Sewer System Capital Program
- \$8.0 million for the Residential Water Meter Program

Though the City continues to focus on infrastructure rehabilitation and renewal, investment needs substantially eclipse currently available resources. Many capital programs rely on grants and revenue from other agencies to help narrow the gap between local City funds and the growing backlog of unmet/deferred infrastructure needs. With limited funding options, federal transportation funds and grants have been actively pursued and are recommended for programming. The CIP budget includes \$12.1 million in grant funds for ten transportation CIPs in FY2016/17. Staff continues to look for opportunities to invest in our assets through grant funding and leveraging other external resources.

Technology and innovation have also been employed where possible to become more efficient in the use of limited resources. To this end, the citywide technology programs

have been realigned to fund priority programs including the Digital Strategy Program (A07000700) and the IT Security Program (A07000800). Additionally, \$315,000 is included in the budget for improvements to the City's 311 Call Center.

Finally, the CIP includes a comprehensive facility assessment in order to fully understand the condition and needs of City buildings. The size, age, and diverse infrastructure of the City require significant consideration to determine the best investments to make now in order to realize the most cost effective returns in the future. While the results of the assessment will not provide resources, it will enable us to identify priority projects when resources become available. With focused investment we have the opportunity to keep assets functioning longer.

The development of the CIP necessitates considerable coordination with all City departments responsible for capital projects and planning. Programs and projects recommended for funding reflects the context of Council-adopted policies and planning documents. Playing "catch up" is always a challenge, especially when resources are limited; however, it does not negate our responsibility to maintain our assets, without which we would be unable to deliver programs and services. Regardless of the fiscal challenges, the City remains dedicated to providing a safe, reliable, and efficient public infrastructure that meets the needs of its residents and businesses, now and in the future.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John F. Shirey".

John F. Shirey
City Manager

CAPITAL BUDGETING EXCELLENCE AWARD



The City's 2015-2020 Approved CIP received the Capital Budgeting Excellence Award from the California Society of Municipal Finance Officers. The award process includes peer reviews of cities' capital programming. Peer review methods are employed to maintain standards, improve performance, and provide credibility.

In preparing the 2016-2021 CIP document, the award criteria were followed and it was prepared in accordance with generally accepted accounting principles. This document will be submitted to the California Society of Municipal Finance Officers for consideration for the Fiscal Year 2016-2017 Capital Budgeting Excellence Award.

OVERVIEW OF THE 2016-2021 CAPITAL IMPROVEMENT PROGRAM (CIP)

The CIP is a comprehensive five-year plan, which identifies current and future fiscal requirements, thereby becoming the basis for determining annual capital budget expenditures. Capital improvements are either major projects or programs undertaken by the City for the procurement, construction, or installation of facilities or major assets/equipment that will meet regulatory requirements and will improve, preserve, maintain, enhance, or modernize the City's delivery of municipal services. A capital project has a useful life of at least five years and a total cost of at least \$20,000.

The 2016-2021 CIP totals \$240.6 million from all funding sources, of which \$34.3 million is from the General Fund. The FY2016/17 CIP budget totals \$71.4 million.

The following summarizes major program areas with project funding included in the 2016-2021 CIP. Detailed information on the CIPs receiving funding within the five-year plan is shown on project detail sheets in each program area.

General Government – Section D

The five-year General Government Program continues to reflect the City's commitment to focus resources toward existing facilities and programs including the Citywide Americans with Disabilities Act (ADA) Program (C13000400, \$3.1 million) and the City Facility Reinvestment Program, (C13900000, \$9.6 million). As facility reinvestment projects are identified for completion, staff will continue to focus on sustainability and "green building" practices.

The FY2016/17 budget for the General Government Program is \$9.4 million including \$3.5 million in General Funds. The five-year plan totals \$20.3 million for 17 projects.

Public Safety – Section E

The Public Safety Program reflects the City's efforts to provide/replace fire stations, fire apparatus, ambulances, personal safety equipment, and public safety building generators. Funding in the five-year plan continues to allocate funding towards the Advanced Life Support (ALS) Equipment Program (F12000200), Fire Apparatus Program (F12000300), Fire Safety Equipment (F12000500), Public Safety Administration Facilities (PSAF) Generator Upgrade Program (F13000300), and Fire Station Replacement Program (F13000800).

The FY2016/17 Public Safety Program totals \$8.0 million for the five CIPs discussed above. The five-year plan totals \$22.0 million for these projects.

Convention, Culture, and Leisure – Section F

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 Sacramento, northern California, and beyond.

The FY2016/17 Convention, Culture, and Leisure Program totals \$3.0 million. The budget reflects funding of eight projects at the Convention Center Complex (\$2.9 million), one project at William Land Golf Course (\$15,000), and one project at the Sacramento Marina (\$60,000). The five-year plan totals \$12.7 million and includes nine projects at the Convention Center (\$12.3 million), one project for golf courses (\$75,000), and one project at the Sacramento Marina (\$300,000). Two of the main programs receiving funding over the five-year period are the Convention Center Complex Renovation Program (formerly the Theater Renovation Program, M17100100, \$4.2 million) and the Community Center Improvements Program (M17100000, \$3.5 million).

Parks and Recreation – Section G

Sacramento's parks and recreation system provides residents with significant personal, social, environmental, and economic benefits. Developing and rehabilitating existing parks and facilities is a high priority for Council with a focus on park safety and sustainability. One of the major projects receiving funding is the Glenbrook Park Improvements (L19221000, \$500,000). It will utilize park development impact fee revenues to improve, protect, and enhance the recreation experience at the park.

A total of \$4.2 million in new or additional funding will be programmed in FY2016/17 to 22 new and ongoing projects and programs. The five-year plan totals \$5.1 million.

Economic Development – Section H

Although there are no capital projects included in the five-year program directly tied to economic development, implementation will continue for high priority economic development projects and initiatives such as development of the 700 block of K Street, Township 9, and the B Street Theatre. Redevelopment funds, the traditional source used by the City for economic development activities, were eliminated with the dissolution of redevelopment agencies in 2011. The Innovation and Growth Fund (formerly the Economic Development Fund) was established from property tax revenues received as the result of the dissolution of redevelopment (Resolution 2013-0198). Guidelines for the use of these funds were approved by the City Council in June 2015 (Resolution 2015-0172) and additional policy, guidelines, and procedures were approved by Council in June 2016 (Resolution 2016-0240). The adopted fund policy includes unobligated revenues for economic development purposes.

Transportation – Section I

The five-year plan is designed to optimize the use of available local funds by leveraging state and federal funds to achieve the City's transportation priorities. Automobile, pedestrian, and bicycle modes of travel are integrated as part of the overall transportation network.

The Transportation Program 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 (ADA compliance). Major programs receiving funding in the five-year plan include: Street & Bikeway Overlays & Seals Program FY2017 (R15172000, \$13.7 million); Major Street Improvements Program FY2017 (T15178000, \$8.3 million); and Pedestrian Improvements Program (T15100400, \$3.9 million).

In FY2016/17, a total of \$27.7 million will be programmed in or reallocated from 39 new and ongoing projects and programs. The five-year plan totals \$88.3 million for 49 programs and projects.

City Utilities – Section J

The City Utility Program has four major funding sources: Solid Waste, Storm Drainage, Wastewater, and Water Funds. It is devoted to regulatory compliance, the improvement, rehabilitation, and replacement of the CSS infrastructure, improvement/development projects, and ongoing facility-related issues. For FY2016/17, funding is included for the Wastewater CSS Capital Program (X14010000, \$9.2 million), Solid Waste Facility Repair & Rehabilitation Program (Y14000900, \$1.3 million), and the Residential Water Meter Program (Z14010000, \$8 million).

Storm drainage rates have not been increased since 1996, prior to the implementation of Proposition 218. For this reason, revenues have not kept pace with storm drainage system costs, and currently the fund can only support critical needs to address repair and rehabilitation that can no longer be deferred. The City is working closely with the community, the Utilities Rate Advisory Commission, and the City Council to develop a Storm Drainage Infrastructure Program and Financing Plan. Unlike the water and wastewater utilities, rate adjustments for the storm drainage utility are subject to a citizen vote.

In FY2016/17, a total of \$19.2 million will be programmed to eight projects and programs. The five-year plan totals \$92.2 million.

KEY SECTIONS

The CIP contains the following key sections:

Section A

The *Budget Schedules* summarize the CIP into one-year and five-years by funding source and by program area.

Section B

The *Sacramento Area Maps* section defines the areas within the city limits. Maps included are Council Districts, Community Plan Areas, Shovel-Ready Areas, Neighborhood Commercial Revitalization Areas, and Bikeways.

Section C

General Plan Consistency summarizes the planning policies, major development projects, and planned public improvements in the 2016-2021 CIP.

Sections D–J

Program Area Summaries group individual capital projects by major program area and includes goals and project selection criteria, project budgets, how they will be funded, program issues (including in some cases unmet needs), program long-range plans, and detail sheets for those projects that include a budget for FY2016/17 and a budget plan for FY2017/18 through FY2020/21. Additional section-specific information may be found on page 10.

Section K

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; (c) five-year historical CIP programming; and (d) a summary of how those funds have been expended.

Sections L–O

Indexes provide funding information for the FY2016/17 CIP by Funding Source (*Index L*), by Program Area (*Index M*), and for all active and new projects included in the 2016-2021 CIP by City Council District (*Index N*) and by Project Number (*Index O*).

Section P

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

Section Q

The *Resolution* section provides the approved resolution for the Operating and CIP Budgets.

THE CIP REVIEW PROCESS

Each project proposal is scrutinized from a variety of approaches before it is included in the CIP. CIPs 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) City Council approved master plans and guides for growth, improvements, and rehabilitation for specific programs; (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. Specific documents used in the capital planning process, such as the *Sacramento 2035 General Plan* or the *Transportation Programming Guide*, are referenced in Section P (Glossary and Resources) of this book.

All projects are reviewed first by the responsible operating departments. Utilizing the resources available, e.g., *Transportation Programming Guide*, CIPs are scored, ranked, prioritized, and presented for funding based upon the level of funding estimated to be available for the coming fiscal year and subsequent fiscal years. (For details about ranking and scoring criteria, please refer to the program area's programming guide referred to in the Glossary and Resources section.) 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 Budgets.

A primary consideration in the selection of projects is the maintenance or improvement of City assets to keep these facilities competitive, safe, and contributing towards increasing revenues. Top priority has been given to those projects that have a positive effect on operations. In most cases, there is no negative operating impact because the project generates cost savings or is offset by revenue.

General Plan Consistency – Section C

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 the various programming areas. It provides an overview of the proposed projects and how they support the plans and policies adopted by City Council including the *2035 General Plan*. 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, capital programming is proposed in accordance with existing approved master plans and planning guides, and then are evaluated and ranked based upon priorities identified in those plans and guides.

Priorities may be ranked on items such as:

- Adherence to state and/or federal law
- Adopted City Council policies
- Availability of funding
- Public health and safety
- The *2035 General Plan*
- Public input
- Support of economic development
- Support of infill development
- Project feasibility

PROGRAM AREA SUMMARIES – SECTIONS D-J

The majority of this document includes program area summaries and detailed project pages for projects being funded within those program areas during the five-year plan. The summaries include program goals and criteria used to select projects to meet those goals (project selection criteria); a summary of planned spending; a five-year plan; a summary of projects by fund; and maps detailing each project location for FY2016/17 funded projects.

Seven program areas are presented within the CIP. 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.

Program Area – Section of CIP

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

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 the major projects that make up the bulk of those expenditures, the planning documents are referenced when identifying projects, the funding sources to support the projects, and issue statements that highlight significant unresolved fiscal and program policy issues. Each project funded in the five-year plan is summarized within a project detail page.

Detail Pages

The purpose of the detail page is to provide the City Council with enough information to approve the projects or ongoing programs.

Project and program detail sheets include the following:

City of Sacramento

Capital Improvement Program

① **K15165000**

② **Project Name** **GARCIA BEND BIKE TRAIL PLANNING STUDY**

③ **Project Description** Perform preliminary engineering, scoping, environmental, public outreach, and design for a Class I bike trail connection from Pocket Road through the Pocket Canal pump station, and along the top of the Sacramento River levee south to Garcia Bend Park.

④ **Project Objectives** Improve bikeway connectivity citywide by connecting the Sacramento River Parkway to and enhance the bike trail system in the Pocket Area by extending the bike trail to the Sacramento River levee from Garcia Bend Park to Arabella Way.

⑤ **Existing Situation** The Pocket Canal Parkway bike trail terminates at Pocket Road.

A one-time contribution of \$341,000 will be used to perform preliminary engineering for the project. The remaining cost is estimated at \$1.02 million and grant funding will be sought to cover a portion of the remaining cost.

⑥ **Operating Budget Impact** None.

⑦

Fund	Fund Description	As of 2/2015		2015/16	2016/17	2017/18	2018/19	2019/20
		Budget	Unobligated					
2401	MEASURE U	\$0	\$0	\$341,000	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$341,000	\$0	\$0	\$0	\$0

- Project Number ① and Name ②: The project or program alpha/numeric identifier and its corresponding name. Both would be referenced when putting the project to bid or with any City Council action. The numbering sequence reflects the alphabetical letter assigned (as described on the prior page) and an eight-digit unique numeric identifier. The first two digits reflect the responsible department (refer to the following chart), a four-digit unique identifier (for the responsible department), and ends in “00.”

Responsible Department

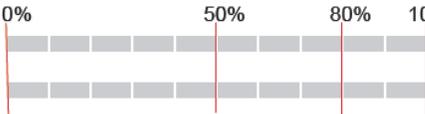
1st and 2nd Digits	Department Name	1st and 2nd Digits	Department Name
01	Mayor/Council	11	Police
02	City Manager	12	Fire
03	City Attorney	14	Utilities
04	City Clerk	13 or 15	Public Works
05	City Treasurer	17	Convention & Cultural Services
06	Finance	18	Economic Development
07	Information Technology	19	Parks and Recreation
08	Human Resources	21	Community Development

- In this example, “K” refers to a Bikeway project, “15” signifies that the department responsible for the project is the Public Works Department¹. The next four digits are unique and assigned by the department. The last two digits, “00,” signal that this is a parent project; a parent project has budget appropriation authority and will be identified in bold in all the indexes.
- The CIP name may be classified into two categories: project or 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 projects will contain “Program” in the title, are generally not site specific, and do not typically have a defined completion date.
- ③ Project Description: A brief but specific scope of the project. 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.
- ④ Project Objectives: The purpose(s) of the project.

¹ To maintain project continuity, CIP numbers are not changed based on departmental restructuring efforts.

2016-2021 Approved Capital Improvement Program

- ⑤ Existing Situation: The circumstances that result in the need for the project, including any pertinent history.
- ⑥ Operating Budget Impact: The estimated annual operating impact of the completed project. If the impact can be absorbed by the existing operating budget, “none” is the response. If the impact is quantifiable, it is noted in the detail sheet, e.g., “Potential maintenance, water, and utility costs of \$11,763 per acre per year.”
- ⑦ Project Costs: For each funding source, the amount of current budget, the unobligated budget as of February 2016, and the funding request for each year of the five-year program. A project must have an identified source (or sources) of funding to be included in the CIP. Many funding sources have restrictions as to how they may be used, as described in the Description of Major Funding Sources section.
 - Note: The following reimbursable funds are included within the CIP for planning purposes, but budgets are not appropriated in the fiscal year until all grant and/or award documents have been signed. These include grant funds (Funds 3702, 3703, and 3704) and City utility grant/reimbursable funds (Funds 6015, 6205, 6206, 6207, and 6211).
- ⑧ Funding Years: The five-year CIP includes a fiscal year (FY) budget (in this example it is FY2015/16) and four fiscal years of planned programming (2016/17, 2017/18, 2018/19, and 2019/20).

2015 - 2020 Funding	\$341,000	⑨
Est. Project Cost	\$341,000	
FY2015/16 Funding	\$341,000	
Prior Year Expenditures	\$0	
Project Start Date	July 2015	⑩
Est. Complete Date	July 2019	
Elapsed Time	0% 50% 80% 100%	
Percent Complete		



- ⑪ Council District 7
- ⑫ Plan Area 3
- ⑬ Project Location Sacramento River Levee From Garcia Bend Park To Arabella Way
- ⑭ Project Manager Public Works, Judith Matsui-Drury

- ⑨ Funding Summary: The five-year funding plan, total estimated project cost, proposed funding for the following fiscal year, and a cumulative total of prior expenditures.
- ⑩ Timelines: 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. Timelines, in light gray, will include a dark gray bar as the Elapsed Time passes or Percentage Complete increases. 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.
- ⑪ Council District: The number of the City Council district in which the project is located.
- ⑫ Plan Area: The number(s) of the Community Plan Area(s) in which the project is located (e.g., South Natomas, Pocket, Central City, South Area). Plan areas are defined in the City's *2035 General Plan*. A map of these plan areas is included in the Sacramento Area Maps Section of this document.
- ⑬ Project Location: Street address, intersection, building name, or other identifier.
- ⑭ 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 five-year capital plan, we are allowing for prudent and longer-term planning and allocation of resources for our facility and infrastructure needs.

INDEXES – SECTIONS L-O

Programs or projects receiving new funding for FY2016/17 or proposed for future fiscal years are listed in Index L by funding source. Index M provides a similar list, organized by program area. In addition to projects or programs receiving funding identified in the 2016-2021 CIP, there are many continuing programs or projects that have remaining budget authority. These are listed in Index N by City Council district and Index O by project number. Parent CIPs will be listed (in bold) as well as any child or subproject (in italics) established under the scope of the parent CIP.