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July 1, 2003

City Council
Sacramento, California

Honorable Members in Session:

I respectfully submit the Approved 2003-2008 Capital Improvement Program (CIP) including the FY2003/04 Approved Capital Improvement Budget. This budget totals \$376.6 million from all funding sources over the next five years, which is a slight increase from the \$351 million in last year's Program. The General Fund portion for the 5-year program is \$15.1 million.

Although it is critical that the City continue to invest in infrastructure and major maintenance activities, the current economic climate and pending impacts from the State and County budget problems will create some challenges for the City over the next five-year period. In response to those challenges, the City will need to continue to evaluate current operating and capital spending programs to focus limited resources most effectively, particularly by evaluating the operations and maintenance impacts associated with new capital projects.

The Approved FY2003/04 Capital Improvement Budget totals \$123 million in capital expenditures and includes 335 projects in all programs and areas of the City of Sacramento. The General Fund total for FY2003/04 is \$5.8 million.

Highlights of the Approved 2003-2008 Capital Improvement Program include:

- **Maintaining service levels to the community**
The three-year General Fund program approved in the Fall of 1999 continues with many projects completed and others, such as the essential 911 Center, expected to commence in earnest this fall. New programming for the General Fund, however, has been limited due to current financial conditions and future economic uncertainties. The Approved Program will fund mandates including Americans With Disabilities (ADA) Compliance in all City Facilities. Other major projects within other funds include the Citywide Park Maintenance Program, City Facility Maintenance Program, replacement of the Combined Sewer System and Road and Curb Reconstruction.



2003-2008 CAPITAL IMPROVEMENT PROGRAM

- **Managing growth in new neighborhoods**

The 2003-2008 CIP includes several projects that will provide needed facilities in the growing area of North Natomas. These improvements include a new library, fire station and road and park dedications.

- **Promoting and supporting economic vitality**

The FY2003/04 CIP includes \$23 million from various sources for economic development related projects. These projects include improvements at the Downtown Union Pacific Railyard properties, Stockton Boulevard Streetscape Enhancements, Cosumnes River College Boulevard Extension and the I-5 Riverfront Reconnection project. The funding is noted within the respective program areas.

- **Leveraging of other funding sources**

Included in the 2003-2008 Capital Improvement Program is \$65.7 million in Grant Funding. Significant grant funded projects include the Tower Bridge/Pedestrian Improvements, Power Inn Widening, Stockton Boulevard Streetscape and the Main Avenue Bridge Replacement.

This document continues the effort to incorporate the City's strategic plan and specific long-range master plans and integrate those approved plans with our capital programming. As in past years, the capital program reflects projects that have been identified in the Transportation Programming Guide, Utility Master Plans, Parks and Recreation Master Plan and Parks Programming Guide. The Sacramento Housing and Redevelopment Agency (SHRA) continues as an integrated part of this capital budget with a five-year plan for both Tax Increment and Community Development Block Grant (CDBG) projects.

The Capital Improvement Program includes the Capital Budget for FY2003/04 and a five-year expenditure plan that provides the City with a financial strategy for its infrastructure and facility needs. It is critical that the City reinvest in its existing assets prudently, achieve a balance of capital improvements throughout the City and support our mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully submitted,



ROBERT P. THOMAS
City Manager



THE 2003-2008 APPROVED CAPITAL IMPROVEMENT PROGRAM

The 2003-2008 Approved Capital Improvement Program totals **\$376.6 million** from all funding sources. The General Fund portion of the 5-year program is \$15.1 million or 4 percent of the total. The first year of the Program, the FY2003/04 Approved Capital Improvement Budget - totals **\$123 million**. These appropriations will add to currently active project appropriations of \$1.1 billion.

Expenditures are planned in the following major program areas: Utilities, Transportation, Parks and Recreation, North Natomas, Convention, Culture and Leisure, Public Safety, General Government and Economic Development. The bulk of the project budgets is for Utilities and Transportation projects supported by the Water, Sewer, Drainage, Measure A Sales Tax, Gas Tax, and Major Street Construction Funds as indicated in the pie charts on pages A-1 to A-3.

The larger projects to be funded during the five year period include:

- Citywide Deferred Maintenance for City Facilities (CE21 - \$5 million);
- Citywide Park Maintenance Improvements for water and energy conservation (LW81 - \$1 million);
- Combined Sewer System Rehabilitation (XD44 - \$350,000);
- Elkhorn Reservoir (ZJ36 - \$1.75 million);
- I-5 Riverfront Reconnection (TU07 - \$3.8 million);
- North Natomas Fire Station (FC03 - \$5.7 million);
- North Natomas Library (QA33 - \$12.2 million); and
- North Central Business District Access Improvements (TZ01 - \$2.5 million).

The above list of projects will be funded through a variety of funding sources. The source of funding for these projects include: Grants, Developer Fees, Water, Sewer, Drainage and General Funds. The total budget for the above list of projects is \$34.5 million of which \$6 million is from General Fund.



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 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.

General Fund Approved Projects

The Approved Capital Improvement Program for 2003-2008 includes \$15.1 million in General Fund programming. Funding continues for the American Disabilities Act (ADA) modifications to facilities (CC01 - \$2.5 million), the installation of emergency generators at Fire Stations (FB32 - \$750,000) and improvements to bring Fire Station restrooms into compliance with Occupational Safety and Health Administration (OSHA) regulations (FB71 - \$200,000). Fee dedications are also programmed to continue for City Treasurer and Planning & Building technology improvements.

The General Fund programming for FY2003/04 is \$5.8 million. The two largest projects to be funded include the City's Facility Maintenance program (CE21 - \$1 million) and Citywide Park Maintenance (LW81 - \$1 million). Other projects include corporation yard master planning (BC16), neighborhood/community improvements (CN04), fire station ventilation improvements (DB11), wide area network upgrades at the fire stations (DB26) and fire sprinklers at the Coloma Community Center (LW86).

General Government Projects

The 2003-2008 General Government Capital Improvement Budget totals \$31.3 million. The FY2003/04 budget totals \$20.3 million and includes the North Natomas Library (QA33), which is estimated to cost \$12.1 million. Additional projects include the Intermodal Transportation Facility and Downtown Union Pacific Depot improvements and acquisition. These projects are funded from fees and other special revenue sources.

Public Safety Projects

The 2003-2008 Public Safety Capital Improvement Budget totals \$6.7 million. The North Natomas Fire Station (FC03) is included in the FY2003/04 CIP and is anticipated to be completed by December 2004. Additional funding is also being included in order to continue the City's efforts to provide/replace Public Safety Emergency Generators throughout the City and to complete Fire Station Improvements at several fire stations.

Parks and Recreation Projects

The Department of Parks and Recreation's Capital Improvement Program includes development of parkland, acquisition of new park property, bike trail projects, community centers and repair and rehabilitation projects at existing parks. Park projects are funded from a variety of sources including Park Impact Fees, Quimby Land Dedications and In Lieu Fees, the Citywide Landscape and Lighting Assessment District, grants (including State Bond Proposition's 12 and 40), funding from the Sacramento Housing and Redevelopment Agency and the General Fund.

The City's park system is expanding as new parks are master planned and developed in the North Natomas and West Natomas neighborhoods. Several new parks are expected to be completed in



FY2003/04. In addition, new parks are being developed in North and South Sacramento, including Jacinto, Del Paso and Laguna neighborhoods. Staff will provide briefings to the City Council on the status of current and future CIP projects during the update of park project schedules and the Parks Programming Guide for 2004 at the end of the year 2003.

In addition to developing new parks and rehabilitating older facilities, a focus on creating more "maintainable" parks is becoming more important as the City's ability to develop new parks far exceeds available maintenance resources. A new set of guidelines is being developed for both new parks and park renovation projects to create more natural areas, fewer acres of manicured turf, and fewer high maintenance park improvements. The newly formed Community Facilities District for Park Maintenance Citywide will provide additional maintenance funding for some neighborhood parks, but does not fund community or regional facilities or most existing parks outside of newly developing neighborhoods.

Funding for the Parks and Recreation Capital Improvement Program totals \$14.8 million for FY2003/04 and \$75.0 million for the five-year period of the Capital Improvement Program. Included are \$5.1 million in federally funded bikeway projects and \$6.8 million in projects funded from Park Impact Fees. Some of the Recreation facilities such as community centers are found under other categories in the CIP, primarily Public Works, which manages many of the Recreation Division's facility projects.

Transportation Projects

The 2003-2008 Transportation Capital Improvement Program (CIP) shows the City's strategy for programming local transportation funds and for leveraging local funds to obtain state and federal funds to deliver key transportation projects. A total of \$56.5 million will be programmed to new projects and programs as well as to ongoing projects and programs. In FY2003/04, 89 transportation projects and programs will receive new or additional funding.

In FY2003/04 \$5.1 million is programmed to major street improvements. Approximately \$2 million or 39% of the \$5.1 million is used to leverage state and federal funds. A total of \$3 million is programmed to the 7th Street Extension Project (TH26), Northgate Blvd/Arden Garden Intersection Improvements (TG91), Richards Boulevard SR160 Intersection Improvements (TU22), West El Camino Bridge Replacement (TZ71) and various traffic signal and safety programs.

The annual programming for the Street Overlays/Seals program is \$2.5 million (RH31) and the FY2003/04 programming for the Street Reconstruction Program is \$2.3 million (TR16, TR21 and TX46). The City of Sacramento will need to continue seeking state and federal funding for street maintenance and reconstruction to assist with annual maintenance needs in order to reduce the reconstruction backlog.

Utilities Projects

The 2003-2008 City Utilities Capital Improvement Program (CIP) totals \$103.9 million. Four of the largest water projects included in the FY2003/04 CIP Budget include: Woodlake Water Main Replacement, Phase 2 (PN: ZJ26), H Street Riveted Steel Transmission Main Replacement, 5th to 10th Streets (PN: ZJ51), Deeble Street/28th Street Steel Main Replacement (PN: ZI71) and Fruitridge Manor Replacement, Phase 3 (PN: ZJ31).

Sewer projects receiving new or additional significant funding in FY2003/04 include: Basin 55 Infiltration and Inflow Reduction (PN: XH11), N Street Sewer Replacement, 25th to 29th (PN: XN05) and F/G Alley 23rd to 25th Street and 24th Street Sewer Replacement (PN: XN09).



Storm Drainage projects receiving new or additional significant funding in FY2003/04 include: Sump Electrical Rehabilitation (WM56), Sump 97 Switchgear (WM61), Airport Ditch Lining (WM46) and Basin 31 Pipe Replacement (WM51). The five-year program includes estimated construction costs for the rehabilitation phase of the Combined Sewer System (CSS) Improvement Project, which is projected to last 10 to 12 years and cost approximately \$132 million.

Convention, Culture and Leisure Projects

The Convention, Culture and Leisure 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 enterprise funds that operate like private businesses (Convention Center, Golf, Marina, Parking), non-profits, City and County funded divisions, membership organizations, and boards and commissions. The capital program 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 FY2003/04 Convention, Culture and Leisure Services CIP Budget totals \$5.0 million. The budget reflects funding of seven projects at the Convention Center (\$1,005,000), one project at the City's three golf course locations (\$60,000), one project at the Sacramento Marina (\$25,000) and nine projects for off-street parking facilities (\$3,953,000). Included in these amounts is \$288,000 in facility improvements to meet requirements of the Americans with Disabilities Act that is included in the General Government program.

The five-year CIP plan for Convention, Culture and Leisure totals \$20.6 million and includes 20 projects during the five years: nine projects at the Convention Center (\$4,725,000), one project for Golf (\$300,000), one project at the Marina (\$125,000) and nine projects for Parking (\$15,465,000). This funding includes \$1,440,000 for the Americans with Disabilities Act modifications, which is included in the General Government program.

Sacramento Housing and Redevelopment Agency (SHRA) Projects

This is the sixth year for SHRA projects to be included in the City's Capital Improvement Program (CIP) budget. As part of an ongoing collaborative effort to more efficiently use scarce resources, the capital projects of the Agency are included in this document so that a full picture of all CIP projects can be presented. The SHRA section in this document details all Tax Increment (TI) projects by Redevelopment Area and all CDBG funded projects for the five years of this CIP. Should the State's FY2003/04 Budget include the Governor's proposed shift of property tax revenues away from redevelopment agencies, the future use of TI funding may be limited. Where the City anticipates managing Agency funds, the funded projects are also found in that department's program section. Total funding from all SHRA sources for capital projects in all sections of this document is \$1.6 million in 2003-2004 and \$6.6 million for the five years of the Program.

North Natomas Projects

Capital improvements that are being programmed throughout this CIP and are geographically located in North Natomas are identified together with their cost, timing and location. This programming represents the implementation phase of the City's portion of the North Natomas Community Plan and Financing Plan.



There are a number of other projects to be funded (in whole or in part) by the Public Facilities Fee (PFF), including a fire station on the west side of I-5, a community center, a library, roadway widening, median landscaping, bikeways, signals and related improvements.

Within the North Natomas Section (LL) is an overview of the variety of capital improvements for North Natomas and their funding mechanisms. A status of the major funding vehicle, the PFF, is provided along with a discussion of the fee credit system.

Economic Development Projects

For fiscal year FY2003/04, there is significant fiscal uncertainty due to the State of California budget deficit. At the time of this writing, there have been several proposals in the California Legislature and there exists the strong possibility that significant amounts of money may be shifted from the redevelopment agencies to offset the state deficit. Because of this uncertainty, projects typically funded with tax increment revenues are not being programmed in this document.

Approved economic development projects also include projects initiated by the Utilities Department, Public Works Department and the Sacramento Housing Redevelopment Agency (SHRA). Project details are provided in the respective sections of this document. A total of \$23 million has been programmed within these program areas for economic development related projects.

Other Issues

A change in accounting principles has made it important to value and account for dedicated assets such as developer constructed parks and roads. This 2003-2008 CIP programs \$20 million in various parks and road dedications subject to the issuance of developer credits. Measuring this activity gives a better picture of true capital activity and additions to City assets.

Capital projects, including maintenance of our existing assets and providing for future needs, is no less critical to the efficient and effective delivery of essential city services than are operations. As such, the Capital Improvement Program and the planning it provides is an important tool in identifying and prioritizing needs in allocating scarce resources and in providing for the future.



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 \$10,000.

THE CIP REVIEW PROCESS

Before it is included in the budget, each project proposal is scrutinized from a variety of approaches. Projects that are included in the proposed 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 area needs that develop or are identified during the year; (3) 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 City Council adopted goals; and, (5) staff identified projects based on critical need due to a safety issues or to comply with new mandates.

All CIP projects are reviewed first by the divisions and departments. Projects are prioritized and are presented for proposed funding based upon what level of funding is estimated to be available for the next fiscal year and subsequent fiscal years. With the assistance of the Budget, Policy & Strategic Planning Division, the City Manager's Office reviews the proposed projects and prepares the budget for submittal to the City Council by May 1st of each year. The proposed budget then is presented, discussed and acted upon by City Council in public session during the budget hearings. During the hearing process, members of the community can comment on the budget and provide input to the City Council.

The City Council can make changes to the proposed budget and then take action for final approval of projects to be included in the Capital Improvement Budget and Program.

All projects are reviewed by Planning Department 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 Master Plans. This CIP incorporates several master plans including the North Natomas Community and Financing Plan, the Parks Programming Guide, the Transportation Programming Guide and the Utility Master Plans.



CITY COUNCIL PRIORITIES

The City of Sacramento's 2001-2004 Strategic Plan sets out the City's priorities for the coming years affecting capital projects as well as the City's operating budget. A summary of the City's adopted 2001-2004 Strategic Plan is shown below.

MISSION

The City of Sacramento's mission is to protect, preserve and enhance the quality of life for present and future generations.

VISION

Sacramento will be the City of choice to live, learn, work, and play.

GOALS

Enhance and preserve the neighborhoods.

Establish and strengthen community and regional partnerships to enhance the quality of life.

Preserve and expand the arts and culture, open space, urban forest, parks, and recreation opportunities.

Retain, attract and develop a highly qualified and diverse City workforce and implement organizational improvements.

Enhance educational opportunities for the entire community.

Promote and support economic vitality.

Improve and diversify the transportation system.



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 & Issues of the various capital program areas, a summary of the approved 5-year plan and a quick reference guide to facilitate easy use of this document.
- 2) The Background of the Capital Improvement Process includes information on the process and detail on how to utilize the document information.
- 3) Summary of major capital funding sources provides detail by various funding sources on historic levels of use of that fund, how those funds have been expended, restrictions on the use of the funds and what legislation mandates the use of these funds;
- 4) Maps of the City detailing projects by Council District, Neighborhood Area, and Planning Area;
- 5) Individual capital program area summaries include goals and project selection criteria, project budgets and how they are funded, program issues which include in some cases unmet needs, program long range plans, and detail sheets for those projects which include funding in FY 2003/04 through FY 2007/08;
- 6) Indexes of funding for the 5-year plan by Program and Fund and a complete index of all active and new projects by Council District together with timeline information in many cases; and
- 7) Reference tools for the reader include a glossary located at the back of the document and indexes which detail page numbers for newly funded project by Alphabetical Order by Project Name, Numeric Order by Project Number, Neighborhood Area, Council District and Planning Area.

A quick reference guide is available at the end of the Executive Summary to provide easy reference to the information contained in this document.

Program Area 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 FY 2003-2008 funded projects.

Nine program areas are presented within the Capital Budget. Each program area is delineated by a section color. 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, which is numeric.



Individual projects are detailed in their respective program areas.

General Government (Yellow)

A – Computers/Communications
B – New Buildings
C – Repair/Remodeling
D – Mechanical/Electrical

Public Safety (Blue)

E – Police
F – Fire

Convention, Culture & Leisure (Buff)

I – Marina
M – Cultural/Arts
N – Zoo
O – Golf
P – Community Center

Parks & Recreation (Green)

H – Bikeways
K – Recreation
L – Parks

Economic Development (Goldenrod)

KC & KD – Economic Development

Transportation (Purple)

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

Utilities (Tan)

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

Sacramento Housing & Redevelopment Agency (Pink)

0 – SHRA

North Natomas (Salmon)

Various from other program areas and as called for in the Community and Financing Plan

The discussion of an individual capital program area generally begins with summary information on total program expenditures and what 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 which highlight significant unresolved fiscal and program policy issues. Each project is summarized within a project detail page.

Detailed project information includes:

- The Project Title, Project Number, Fiscal Year Initiated, and the Location of the project (e.g., street address, intersection, building name, etc.).
- Planning Area: For Parks and Recreation projects only-- the name(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 Overview Section of this document.
- Council District: The number of the Council District in which the project is located.
- Neighborhood Area: The number of the Neighborhood Area in which the project is located.



- 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 6/30/03, and the request for each year of the five year program.
- Timelines that show the relationship of budget expenditures and the project timeline.

The City Charter requires that the City 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 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 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, City Council has adopted strategies for planning periods exceeding five years to meet the long-term needs of the City.

Some of the capital program areas have not fully identified or had City Council adopt long-range needs and priorities. Until current planning processes are completed and capital priorities are further identified, projects identified for approved funding within the 2003-2008 Capital Improvement Plan should be reviewed for consistency with the City's adopted 2001-2004 Strategic Plan.

CONTINUING PROJECTS

In addition to capital projects that are new with approved funding for FY2003-2008 or current projects with additional funding approved for FY2003-2008, 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 Council District together with status information where available. Section P of this document indexes all CIP Projects by CIP Number.

