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Mayor and City Council
Sacramento, California

Honorable Members in Session:

I respectfully submit the Approved 2004-2009 Capital Improvement Program (CIP) including the FY2004/05 Approved Capital Improvement Budget. This budget totals \$329.2 million from all funding sources over the next five years. The General Fund portion for the 5-year program is \$10.3 million.

The Approved FY2004/05 Capital Improvement Budget totals \$91.9 million in capital expenditures and includes 317 projects in all programs and areas of the City of Sacramento. The General Fund total for FY2004/05 is \$3.1 million.

Highlights of the Approved 2004-2009 Capital Improvement Program include:

- **Maintaining service levels to the community**

The three-year General Fund program approved in 1999 continues with many projects completed and others, such as the Civic Center and 911 Center, now under construction. New programming for the General Fund, however, has been limited due to current financial conditions and future economic uncertainties. The 2004-2009 CIP continues to fund the Americans with Disabilities (ADA) programs to establish compliance in all City Facilities. Other major projects within other funds include the City Facility Maintenance Program, replacement of the Combined Sewer System and Road and Curb Reconstruction.

- **Managing growth in new neighborhoods**

The 2004-2009 CIP includes several projects that will provide needed facilities in the new growth areas of Sacramento. These improvements include: South Sacramento park acquisitions and development; North Sacramento bridge/road reconstruction and McClellan Heights infrastructure; and North Natomas park, bike trail and road dedications/improvements.

- **Promoting and supporting economic vitality**

The FY2004/05 CIP includes \$6.1 million from various sources for economic development related projects. These projects include improvements to the Downtown streetscape, Capital Mall improvements, Downtown and Richards Boulevard pre-development services and developer assistance. The funding is noted within the respective program areas.

- **Leveraging of other funding sources**

Included in the 2004-2009 Capital Improvement Program is \$27.7 million in grant funding. Significant grant funded projects include: the Central City Two-Way Conversion, Folsom Boulevard Widening, Main Avenue Bridge Replacement and the Tower Bridge/Pedestrian Improvements.

The 2004-2009 CIP has been modified in an effort to integrate adopted policies and plans into our capital programming. The Economic Development Section has been changed to Economic Development/Infill and the North Natomas section has been changed to New Growth Areas. The intent of these changes is to provide summary information to the Council regarding specific projects programmed throughout the document that support adopted Council Policies. 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 FY2004/05 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 2004-2009 APPROVED CAPITAL IMPROVEMENT PROGRAM

The 2004-2009 Approved Capital Improvement Program totals **\$329.2 million** from all funding sources. The General Fund portion of the 5-year program is \$10.3 million or 3 percent of the total. The first year of the Program, the FY2004/05 Approved Capital Improvement Budget - totals **\$91.9 million**. These appropriations will add to currently active project appropriations of approximately \$1 billion.

Expenditures are planned in the following major program areas: General Government, Public Safety, Convention, Culture and Leisure, Parks and Recreation, Transportation and Utilities. The bulk of the project budgets are 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);
- Main Avenue Bridge Replacement (TF07 - \$10.2 million);
- Bruceville Road Widening (TW52 - \$2 million);
- North B Street Reconstruction (TX41 - \$1.6 million);
- Folsom Boulevard Widening (TX96 - \$2.3 million);
- 65th Street Improvements (TZ36 - \$1.2 million);
- H Street Water Main Replacement 10th-19th Street (ZJ86 - \$1.4 million);
- South Land Park Water Main Replacement, Phase 1 (ZK01 - \$1.2 million); and
- El Centro Road Transmission Tank at City Limits (ZK31 - \$1.6 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 and General Funds. The total 5-year programming for the above list of projects is \$26.5 million of which \$5 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 Projects:

The Approved Capital Improvement Program for 2004-2009 includes \$10.3 million in General Fund programming. Funding continues for the Americans 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 - \$100,000). Fee dedications are also programmed to continue for the City Treasurer technology improvements.

The General Fund programming for FY2004/05 is \$3.1 million. The two largest projects to be funded include the Citywide Office Relocations (BC26 & BC31 - \$1.2 million) and the City's Deferred Maintenance program (CE21 - \$1 million). One of the key initiatives for the Facility Maintenance program will be the City's commitment to "green building" practices, including upcoming energy surveys of existing City buildings.

General Government Projects:

The 2004-2009 General Government Capital Improvement Budget totals \$17.2 million. The FY2004/05 budget totals \$4.5 million. The majority of the projects within the General Government section are ongoing programs to support existing City facilities and infrastructure which receive funding from multiple sources.

The FY2004/05 budget includes initial funding for a future office building at the North Corporation Yard. This project will be funded from development fees and includes funding over the next five years in an effort to address the North Permit Center lease expiration in 2008.

Public Safety Projects:

The 2004-2009 Public Safety Capital Improvement Budget totals \$850,000. The two projects in this section reflect the City's efforts to provide/replace Public Safety Emergency Generators throughout the City and to complete needed facility 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 and South Natomas neighborhoods. In addition, new parks are being master planned and developed in infill areas of the City, including: Meadowview, South Sacramento, and East Broadway neighborhoods. Over six new parks were completed in FY2003/04 and an additional twenty-four parks will be under construction in FY2004/05.

In addition to developing new parks, rehabilitating older parks and facilities is also a priority for the Department. New and renovated park amenities are being designed and developed to be more "maintainable", reducing maintenance requirements, and improving water and energy conservation. A set of "Sustainable Park Design Guidelines" were developed for both new and renovation park projects to create more natural areas, expand the urban forest, to reduce "non-recreational" turf, and to eliminate



maintenance intensive park features. 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 \$7 million for FY2004/05 and \$75.0 million for the five-year period of the Capital Improvement Program. Included are \$4.8 million in projects funded from Park Impact Fees. Some of the Recreation facilities such as community centers are managed by other departments primarily General Services.

Transportation Projects:

The 2004-2009 Transportation Capital Improvement Program (CIP) reflects the City's funding strategy for delivering transportation improvements which support the City's Strategic Plan Goals of enhancing and preserving neighborhoods, improving and diversifying the transportation system, and supporting economic vitality by investing in infrastructure which achieves established community standards. The 2004-2009 Transportation Capital Improvement Program is designed to optimize the use of available local funds by leveraging state and federal funds in order to achieve the City's transportation priorities. A total of \$40.1 million will be programmed to new, as well as to ongoing, projects and programs. In FY2004/05, 51 transportation projects and programs will receive new or additional funding.

In FY2004/05, approximately 56% (\$22 million) of the transportation funding is programmed to projects and programs supporting the maintenance and operations of the City's roadway infrastructure (as shown on the chart on page I-2). The average annual programming for the Street Overlays/Seals program has been approximately \$3.3 million. For cost effective road maintenance, the City's need is approximately \$10 million annually which brings road maintenance within a 10-year maintenance cycle and prevents streets from deteriorating to the point where they require reconstruction. The FY2004/05 programming for the Street Reconstruction Program is \$2.9 million. The City will need to continue seeking state and federal funding for street maintenance and to develop other funding sources in order to achieve the desired 10-year maintenance cycle.

In FY2004/05, approximately 22% (\$8.9 million) of all transportation funds are programmed to projects and programs for major street improvements (See chart - pg. I-2). Major street projects receiving new funding are the Northgate Boulevard/Arden Garden Intersection Improvements project (TG92), the Bruceville Road Widening project (TW52), and various traffic signal and safety programs. The balance of \$3.2 million in Major Street Construction funds (TZBB) is appropriated to the project TX01 to match anticipated state and federal funds.

Utilities Projects:

The 2004-2009 City Utilities Capital Improvement Program (CIP) totals \$112.4 million. Four of the largest water projects included in the FY2004/05 CIP Budget include: H Street Riveted Steel Transmission Main Replacement, 10th to 19th Streets (PN: ZJ86); I Street Riveted Steel Transmission Main Replacement, Front Street to 5th Streets (PN: ZJ91); and South Land Park Steel Main Replacement (PN: ZK01).

Sewer projects receiving new or additional significant funding in FY2004/05 include: U and S Street In-Line Storage Project (formerly called 84-inch I-5 Crossing, PN: XM79); S/T Alley Sewer Replacement, 22nd to 29th Streets (PN: XN15); S/T Alley Sewer Replacement, 10th to 14th Streets (PN: XN17); and Sump 136 Reconstruction (PN: XO01).



Solid Waste Capital Programs receiving additional funding in FY2004/05 include: Facility ADA Compliance (CC01); Landfill Site Closure (YA06); Landfill Gas Control (YA36); Groundwater Remediation (YB36) and Additional Route Vehicles (YB61).

Storm Drainage projects receiving new or additional significant funding in FY2004/05 include: Sumps 66, 58, and 70 Electrical Rehabilitation (WM86, WM91 and WM96) and Antioch Progressive Church Detention Basin (WN01). 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 (CCL) Department's mission is to promote our unique culture and heritage by delivering accessible arts, leisure and educational experiences to enrich people's lives and enhance the metropolitan area. The department is unique in that it includes enterprise funds that operate like private businesses (Convention Center, Golf, Marina), 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.

In FY2004/05, Parking Facilities Operations will move from the CCL Department to the new Transportation Department. For the Approved FY2004/05 CIP Budget, parking projects are included in the Convention, Culture and Leisure Program. With the structural change in departments, parking projects will be included in the Transportation Program beginning with the 2005-2010 CIP.

The FY2004/05 Convention, Culture and Leisure Services CIP Budget totals \$3.9 million. The budget reflects funding of seven projects at the Convention Center (\$595,000), two projects at the City's golf courses (\$60,000), two projects at the Sacramento Marina (\$120,000) and six projects for off-street parking facilities (\$3,078,000). Included in these amounts is \$138,000 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 \$18.6 million and includes 20 projects during the five years: ten projects at the Convention Center (\$3,345,000), two projects for Golf (\$300,000), two projects at the Marina (\$320,000) and six projects for Parking (\$14,590,000). This funding includes \$840,000 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 seventh year for SHRA projects to be included in the City's Capital Improvement Program (CIP) budget. As part of an ongoing collaborative effort to use scarce resources more efficiently, 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 Community Development Block Grant (CDBG) funded projects for the five years of this CIP. Should the State's FY2004/05 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.



The Agency's budget is based on a calendar year basis; therefore the programming reflected for SHRA funded projects is \$3.8 million in 2004 and \$1.1 Million in 2005, with total funding of \$8.7 million for the five years of the Program.

Economic Development Projects:

Funding is provided from a variety of funding sources depending on the nature of, and funding available for, the improvement for Capital Improvement Projects (CIPs) that contribute towards the economic development goals and objectives. Funding sources include the City's General and Utility funds, Downtown Tax Increment (TI), Community Development Block Grants, and Measure A funds.

Projects are initiated by the City's Development Services Department in coordination with Utilities and the Transportation Department as well as the Sacramento Housing and Redevelopment Agency (SHRA). Related budgets are established in each of the three City departments and in SHRA's budget.

The Utilities Department allocates \$1 million annually toward Economic Development efforts. The programming of these funds is at the discretion of the Citywide Development Division, although in close coordination with Utilities staff and only for eligible uses. Like the Utility Department, Transportation funding is at the discretion of the Citywide Development Division, although in close coordination with Transportation staff to ensure that the funds are programmed to projects that meet fund eligibility requirements.

For FY2004/05, there is significant fiscal uncertainty due to the State of California budget deficit. At the time of this writing, there exists the strong possibility that significant amounts of money may be shifted from the redevelopment agencies to offset the state deficit. This particularly impacts SHRA FY 2005.

A total of \$6.1 million in SHRA, Utilities and Transportation funds have been programmed for projects that support economic development activities.

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. The 2004-2009 CIP programs \$18.9 million in various parks and road dedications subject to the issuance of developer credits (Fund 999). 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 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 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 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 FY2004/05 through FY2008/09;
- 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 back of the Table of Contents 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 FY2004-2009 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
V – Parking

Parks & Recreation (Green)

H – Bikeways
K – Recreation
L – Parks

Economic Development (Goldenrod) / Infill (White)

KC & KD – Economic Development

Transportation (Orchid)

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)

O – SHRA

New Growth Areas (Gray)

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 2004-2009 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 FY2004-2009 or current projects with additional funding approved for FY2004-2009, 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.

