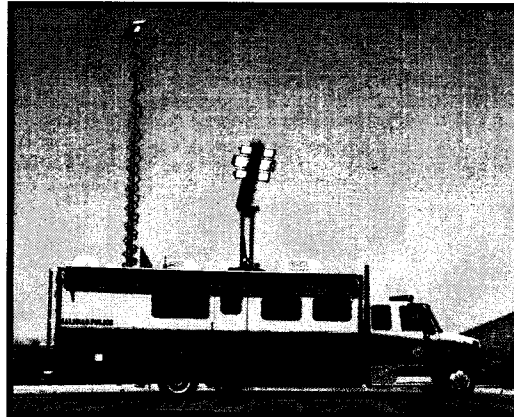


City of Salinas



Capital Improvement Program

FY 2007 - 2012





MEMORANDUM

DATE: May 22, 2007
TO: Mayor and City Council
FROM: Dave Mora, City Manager
SUBJECT: CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) for the City of Salinas details the capital investments required by the community to maintain and enhance our residents' quality of life. Given the significant costs associated with capital investments, the CIP is a multi-year document. The CIP is updated annually with major revisions occurring every two years. Major revisions to the CIP were made in FY 2006-07 and updates have been made in FY 2007-08 to reflect changes in available resources and cost estimates. CIP budget appropriations for FY 2006-07 were approved by Council on July 11, 2006, and modified by Council on February 13, 2007, as part of the FY 2006-07 mid-year budget review.

Potential investments of \$349,012,800 are identified for the five (5) year period from July 1, 2007, to June 30, 2012. The required investments range from deferred maintenance needs of existing facilities (e.g. fire station repairs) to the construction of long overdue new and expanded facilities (e.g. a new police facility and the expansion of Chavez library) necessary to continue providing basic services to the residents of Salinas.

Each of the five (5) years in the CIP lists critical investments. For the most part, the FY 2007-08 and FY 2008-09 recommendations are balanced to revenues. The exceptions involve a few projects in the Special Assistance Fund wherein resources are subject to grant approval or private donations.

The CIP projects recommended for consideration and approval by the City Council are funded from a variety of sources, including modest General Fund investments substantially attributable to the Vehicle License Fee (VLF) advance taken by the City in FY 2005-06 and modest economic growth as evidenced in the adopted FY 2006-07 General Fund Operating budget. An additional significant new funding source in the CIP is Measure V with the appropriation of funds available because of the yearlong timeframe associated with the full restoration of services.

FY 2007-08

The FY 2007-08 CIP details a total investment of \$18,455,900. Approximately \$1,237,750 is subject to grant approval and anticipated private donations, resulting in an overall recommended investment of \$17,218,150. The General Fund portion of the recommended total is \$3,820,900. The Measure V recommended total is \$637,500. The balance of the recommendations (\$12,759,750) is funded by development fees, approved state and federal grants, and City enterprise funds, all of which require

those revenues to be used for the specific purposes listed in the recommended CIP. For instance, the \$1,380,000 in recommended TFO (Traffic Fee Ordinance) projects may only be used for TFO projects. TFO fees are paid by developers for specific projects required to mitigate the impacts of development. Similarly, Redevelopment Agency funds may only be used in the Redevelopment areas from which the funds are collected.

FY 2008-09

The FY 2008-09 CIP details a total investment of \$21,985,300. Approximately \$3,960,000 is subject to grant approval and anticipated private donations, so that the overall economic investment from available revenue is \$18,025,300. This total includes a General Fund investment of \$2,533,000 and a Measure V investment of \$637,500. The balance of the recommendations (\$14,854,800) is funded by development fees, approved state and federal grants, and City enterprise funds, all of which require those revenues to be used for the specific purposes listed in the recommended CIP.

Future Investment Needs

The fourth through sixth years of the CIP list are best described as a list of community needs without any guaranteed source of funding. For instance, the FY 2009-10 General Fund projects total \$4,933,100. Current policy mandating the use of prior year General Fund savings should provide approximately \$2,000,000 in available funds, approximately forty (40%) percent of the funds required.

Funding

The funding sources other than the General Fund detailed in the CIP will allow the City to make progress in the rehabilitation and development of infrastructure financed by new development. Developer paid fee revenues in the amount of \$10,307,300 will be used for sewer, park, library and traffic improvement projects in FY 2007-08 and FY 2008-09.

A combination of various resources, including Measure V and State Gas Tax, will be made during the next two (2) years in sidewalk maintenance, tree replacement, and street repair. Significant investments began in FY 2006-07 and will continue through the recommended budget two (2) year cycle. Sidewalk and tree repair projects total \$3,300,000; street median landscape repairs \$503,000; street rehabilitation \$5,367,500. An additional \$7,197,000 will be invested in City streets during the same three (3) years using City Traffic Fee Ordinance and RSTP (State Regional Surface Transportation Program) revenues. Although the above listed investments are significant, these amounts are not sufficient to maintain and rehabilitate City streets and roads to the levels required and provide evidence of the significant expense associated with basic street improvements.

Future Growth Area

Portions of the recommended CIP include improvements in the City's Future Growth Area. The City is aggressively pursuing annexation of the entire 2002 General Plan approved Future Growth Area and is working with property owners / developers to specifically define the area's development.

Construction of a substantial portion of the required infrastructure improvements in the Future Growth Area will be specific conditions of development in that area. The City's policy of development conditioning has improved over the years so that necessary facilities including a new library, new fire stations, parks, and similar improvements will be provided by developers as mitigation to impacts associated with the new development. There will be detailed discussion of these improvements as the Specific Plans for the Future Growth Area are reviewed and eventually approved by the Traffic and Transportation Commission, the Planning Commission and the City Council.

CONCLUSION

The six (6) year Capital Improvement Program provides a snapshot of community needs. The CIP does not provide a guarantee that all projects will be accomplished. The CIP should be reviewed with priority setting in mind in order to establish a strategy to secure funding for the priority projects.

With the passage of Measure V, the City's General Fund operating budget is balanced in terms of basic services for the next few years. Measure V was approved and will be used for the restoration of basic services. The significant FY 2006-07 CIP Measure V investment (\$4,691,100) is a one-year opportunity based on the reality of full restoration of services requiring twelve (12) months. The Measure V Committee will meet during July 2007 to decide on a recommended allocation of additional available one-time funds (unspent from 2006-07) of at least \$1,025,000.

The long-term service and economic development needs of the Salinas' community must also be assessed from the perspective of required capital investments. The multi-year CIP provides an opportunity to do so and will continue to be a priority.

The document presented to the City Council is the work of all City departments. However, without the work of City Finance Department staff, especially Beth Mariano, Miguel Gutierrez and Tom Kever, the CIP would not exist. Their contributions require this separate recognition.

The City Council is asked to consider and approve a CIP work program for FY 2007-08 during the budget review scheduled for May 22, 2007. Staff looks forward to working with the community and Council in this review.

Respectfully submitted,



DAVE MORA
City Manager