TO: HONORABLE CITY COUNCIL
ATTN: POLICY AND SERVICES
FINANCE
FROM: CITY MANAGER
DEPARTMENTS: PUBLIC WORKS
UTILITIES
DATE: MARCH 15, 2005
CMR:167:05
SUBJECT: APPROVAL OF CRITERIA THAT WOULD IDENTIFY WHICH CAPITAL IMPROVEMENT PROJECTS REQUIRE POLICY DIRECTION FROM THE CITY COUNCIL BEFORE THEY ARE INCLUDED IN THE ADOPTED CAPITAL IMPROVEMENT BUDGET

RECOMMENDATION
Staff recommends that the City Council approve project screening criteria to be used to identify proposed Capital Improvement Projects that require Council policy direction before they are included in the Capital Improvement Budget each fiscal year.

BACKGROUND
On November 15, 2004 the City Council reviewed a colleagues memo authored by Council Members Freeman and Ojakian recommending that staff develop criteria that would identify which Capital Improvement Program (CIP) Project have or have not received policy approval or direction from the City Council and which are “place holders”. Once applied, these criteria would help distinguish between CIP projects (both General Fund and Enterprise Fund) that already have Council policy direction or approval (e.g., annual street program, new park improvements) and those that have “place holder” funding in the five-year Capital Improvement Budget but do not have general policy direction or approval by the Council (e.g., new power plant). At its November 15 meeting the Council unanimously approved the colleagues memo recommendation.

DISCUSSION
Each year the Council Finance Committee reviews the proposed Capital Improvement Program for adoption by the City Council in June. Most CIP projects (both General Fund and Enterprise Fund) have been identified previously in prior year budgets or in the ten-year Infrastructure Management Plan (IMP). The IMP Committee consisting of staff from all City departments reviews all proposed IMP projects and recommends projects to the City Manager for inclusion in the City Manager’s proposed CIP budget. The IMP Committee also reviews proposed Utility Department CIPs to coordinate planned work; and ensures that all CIP projects are in compliance with applicable City requirements including the Comprehensive Plan and any Council adopted master plans. The IMP Committee would screen the list of proposed projects (both General Fund and Enterprise Fund) using the Council-approved criteria and bring forward those projects
needing policy direction (if any) as the CIP budget is reviewed by the Finance Committee each year.

Following are the recommended criteria to be used to determine when a CIP project needs to be brought forward for policy direction:

- Project would require an amendment to the Comprehensive Plan or other master plans.
- Project would require a change in land use.
- Project involves a significant change in service levels requiring additional staffing or other resources.
- Project is not in planned General Fund IMP and/or does not have an identified funding source.
- Project requires acquisition or disposition of property.
- Project will probably require an Environmental Impact Review.
- Project requires the diversion of staffing and/or City funds due to outside funding opportunity (e.g., grants).
- Project may require voter and/or property owner approval (e.g., libraries and storm drains).

Using the above criteria, staff will be able to readily identify projects needing City Council policy direction with Finance Committee and Council approval during the budget process, staff would then agendize such projects during the upcoming fiscal year prior to expending any resources on them.

**RESOURCE IMPACT**
The approval of the recommended project screening criteria requires no additional City expenditures.

**POLICY IMPLICATIONS**
The recommended project screening criteria, if approved, will result in City Council policy direction for projects meeting any of the criteria prior to their inclusion in the Adopted CIP Budget.

**ENVIRONMENTAL REVIEW**
Council approval of project screening criteria does not constitute a project as defined by the California Environmental Quality Act (CEQA).