



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: Capital Improvement Program 2024

DEPARTMENT: Public Works

PREPARED BY: Jesse Willor, City Engineer

PRESENTED FOR: Action Information only Discussion

RECOMMENDATION

1. Receive report; and
2. Adopt the City of Eureka Capital Improvement Program 2024

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

COUNCIL GOALS/STRATEGIC VISION

In working towards Strategic Goals and carrying out the following initiatives, the City will be doing so with an underlying commitment and dedication to fiscal responsibility (FR), employee welfare and development (EWD), addressing climate change (CC) and improving diversity, equity and inclusion (DEI)

DISCUSSION

As an established historic city, Eureka must continually work to maintain and replace its aging facilities as well as construct new improvements to meet its goal of providing high quality services and a diverse economic base for the community. Many of the functions provided by the infrastructure overseen by the City are critical to the health and safety of its citizens and visitors and, as such, must be treated with the highest priority.

In typical years the Capital Improvement Program (CIP) is brought to the Planning Commission to review newly added projects for General Plan conformance. This year's CIP, CIP 2024, did not include any new projects, and therefore was not brought to the planning commission. It is anticipated that any future year's CIP would go through this process.

What is a Capital Improvement Program?

A five-year Capital Improvement Program is a multi-year planning instrument used to identify needed and/or desired capital improvement projects and to coordinate the

financing and timing of these improvements. The primary purpose of the CIP is to assist in the orderly implementation of the broad and comprehensive goals of the adopted General Plan as well as the maintenance and replacement of the City's infrastructure by establishing an orderly basis to guide local officials in making sound budget decisions and by focusing attention on community goals, needs and capabilities to maximize the benefit of public expenditures.

Projects may include land and buildings, information technology, harbor and waterfront facilities, park and recreation facilities, street and storm drain facilities, wastewater collection, treatment and disposal facilities, and water treatment and distribution facilities.

An effective Capital Improvement Program:

- Identifies specific public improvement projects by location, size, function, and cost (although some types of projects, such as street maintenance and water and sewer facility maintenance may be shown on an annual allocation basis)
- Establishes the timing for funding of major cost elements related to each project, such as right-of-way acquisition, design, construction, etc.; for large projects, these may be spread over several years, while for smaller projects, only a single budget year is involved
- Proposes specific revenue sources for each project
- Facilitates priority setting where funds are insufficient to cover all desired projects
- Enhances coordination of separate but interrelated projects, whether internal or involving other agencies
- Gives other affected agencies, such as public and private utilities, an opportunity to develop long-range programming
- Tends to discourage inefficient, frequent (annual) changes of direction in allocation of capital resources
- Permits a planned approach to staffing for engineering, operation, and maintenance

Project priorities should be established by:

1. Projects with a clear issue of public health and safety
2. Projects which trigger irreversible or serious long-range consequences
3. Projects that eliminate liabilities experienced in the past
4. Projects mandated by county, state and/or federal laws, the public and other agencies
5. Projects directly related to established goals or objectives
6. Projects directly affecting the "quality of life"

For most cities, a five-year CIP period appears to be workable and realistic. Under this guideline, it is common for the first year of the CIP to be folded into the annual budget process. In all cases the CIP and the budget would be flexible enough to make the inevitable adjustments for unanticipated cost changes, urgent projects, or other factors. In addition, the CIP allows the City to more clearly identify and discuss the consequences of a delay in timely project commencement due to such factors.

How are projects funded?

Funding for projects is usually derived from special source funds including gas tax/Senate Bill 1 (SB1), Road Maintenance and Rehabilitation Account (RMRA), harbor, water, sewer, remaining balances of the General Fund, or state, federal and other grants. SB1, RMRA, harbor, water and sewer fund revenues are budgeted only for capital projects in the categories appropriate to their sources.

The General Fund's ability to make significant contributions to the CIP has been declining in previous years because of a combination of factors. There has been a monumental change in the General Fund's near-term financial picture. In November of 2020 the citizens of Eureka passed Measure H, which continues existing voter approved sales tax, until ended by voters. A significant portion of the sales tax revenue will go to road maintenance, and those funds are projected in this document for the next five years.

Every effort is made to ensure that all projects are described accurately and have sound cost estimates. Some projects are conceptual in nature and these cost estimates are difficult to generate and should be considered flexible. Estimates are initially made for every project in 2024 dollars. As priorities for construction are assigned for each project, the 2024 dollars are inflated four-percent (4%) per annum and rounded, in an effort to more accurately reflect costs within the proposed year of construction. The estimates are general with the intent that they should be revised as they are brought into the annual budget process.

In summary, the City of Eureka FY 2024/25 to 2028/29 Capital Improvement Program is a planning and budgeting tool that lists and classifies all proposed public improvement projects, maximizing the efficient investment of public funds to these vitally important projects. The projects identified in this FY 2024/25 to 2028/29 CIP are considered essential in order to implement goals, protect public property from deterioration and extend its useful life, and preserve the City's prior infrastructure investments.

REVIEWED AND APPROVED BY:

- City Attorney
- City Clerk/Information Services
- Community Services
- Development Services
- Finance
- Fire
- Personnel
- Police
- Public Works