Memorandum 13-120 August Worksession on Strategic Planning for Capital Improvement Projects

Memorandum ID: 13-120
Memorandum Status: No Status

Memorandum 13-120
TO: Mayor Wythe and Homer City Council
FROM: Julie Engebretsen, Planning Technician
DATE: August 12th, 2013
SUBJECT: August 17th, 2013 work session

Introduction
Council has scheduled a day long work session for Saturday, August 17th to discuss capital improvement projects. Homer has built a lot of buildings and infrastructure recently, and its likely this trend will continue. These projects require a good deal of staff time and continuous support from the City Council. However, economic times and state and federal funding sources have changed. With dwindling outside funding sources, its critical for the city to have a clear vision of its priorities, and to consistently lobby, fund and support these projects.

The goal of this work session is to clearly identify the short term construction priorities. The immediate work session deliverable is a revised CIP booklet, ready for public hearing on August 26th. The take home message is how the City uses the CIP, budget and adopted plans to move the community toward the goals citizens have voiced through the adopted plans.

Worksession Objectives:
1. Create a top five list for legislative requests. I'd like to emphasize that these are state legislative requests, for the state to provide funding to the City of Homer. Projects that rely on federal funds, like the Deep Water Dock, don't need to be in the top five because the state is not paying for it. (Council can pass a separate resolution for federal funding.) Katie, Walt and department heads will be attending and can answer funding questions.

2. Look at the adopted city plans, and the construction projects from the plans. Does the CIP reflect what our plans say?
3. Review the CIP mid and long range projects. Possibly move projects from mid to long term, and consider removing some projects.
4. Talk about a slightly different CIP process for staff and commissions. We're collectively spending a lot of time reviewing the CIP. But the results don't reflect that effort. I have a suggestion for improvement later in this memo.
5. Briefly review the funding sources available to the City. The work session will end with a conversation on how the CIP, budget, adopted plans and funding sources all fit together. I hope Council will find this useful for future strategic planning.

1. Prioritizing the Top 5 CIP Requests
The City of Homer is considering a top 5 list of projects for legislative requests. Cities all have their own way of deciding what their priorities are. Some create their own complicated scoring matrix. I think we can simplify how to arrive at the top 5 requests. The Commissions struggle each year with how to make a meaningful recommendation, as I am sure Council also has a difficult decision on what to do with the information.

I took a paper copy of the CIP, and removed all the projects that were not City of Homer projects. This really narrowed down the CIP, and the remaining projects fell into pretty clear categories. I suggest dividing the CIP projects into 5 categories. The most important project in each category would be part of the top 5 CIP request. Council will then rank the projects in order one through five – more on that later- for the final CIP resolution.

When we consider what core services the city provides, there is the water/sewer utility, public safety (police/fire), the port, roads, parks/recreation, and the library. We also need city buildings and information technology to keep everything working.

Below is my suggestion for the 5 categories; we will talk about this at the work session! I just wanted to give

Council a starting point. Underlying Assumptions: All projects will maintain a level of service, reduce/contain costs to the City, or have been carefully considered if they increase city costs.

The top 5 list would have:
• 1 water/sewer project
• 1 public safety project
• 1 port project
• 1 recreation project
• 1 'spare' project. This could be roads, or a city building, an immediate need, or take advantage of a funding opportunity.

See attachments, "Short Term CIP Projects by Category" for an example. Later in the day, we will identify what the top5 projects are, and in what order.

Proposed Criteria for ranking within categories and for the top 5:
1. Is there a funding source that requires the project be high on the list?
a. The state has a revolving water and sewer loan fund (as low as 1.5% interest), and we use that fund to finance our major infrastructure projects. As long as Council decides that the water/sewer systems are a top 5 priority, water/sewer will be on the top 5 CIP list.
2. Has the state voiced support for a specific kind of project?
a. This year the governor has stated that public safety, transportation and infrastructure are his priorities. We should take advantage of this.
3. Is there an immediate (5 year) need due to public health, safety & welfare?
4. Has the project already been partially funded? Do we have a ready match?
5. Can we use HART/HASWP funds as a match? Can we match more than 10%?
6. Does the project meet a basic infrastructure need?
7. Is the project a goal in a comprehensive plan?

8. Is the project ready to go? Shovel ready? Engineer ready? Or just a hopeful idea?
a. The question is how much effort has the City put forth to make the project happen, or how ready are we to move forward. If we can't answer the question, should the project be in the top 5?
Are there other values Council would like to use?

2. Adopted City Plans and projects
See packet for spreadsheets. I will give a very brief summary of each plan. Council and staff will then go over the construction projects from the plans. This background information will be useful for the budget process, as well as a future strategic planning session.

3. Mid and long term requests
Council can look at the other mid and long term CIP projects compared to the criteria. There may be projects that should be removed from the CIP. We can also discuss moving some projects to long term status. I'm not suggesting a complete re-do of the whole CIP, but I would like to spend about 30 minutes going through the suggestions Katie Koester made in the CIP. She can incorporate your comments into the CIP presented for the public hearing on August 26th.

4. How can we keep this CIP process simple and productive in the future?
The Commissions struggle with making CIP recommendations. There are so many great projects, and so much information. For all the effort that staff and the Commission put in to the recommendations, I am not sure those efforts help Council when it's time to make a decision. Its still tough every year! I'd like to propose the following for next year.

1. May/June:
• Each Commission would provide their top 5 list, for their area of interest.
• Each department head would provide their top 2 list based on funding sources.
• Not every department has a corresponding commission. For some things we need to rely on paid staff to give their opinion on the greatest need or source of liability. For example, the Fire Chief is the most qualified person to say what the top concern of the fire department is, or the Public Works director for water and sewer projects.
2. July/August:

Council will consider the top projects. With help from Katie, Council will look at funding sources, possible city matches, and state spending priorities to arrive at the most competitive, compelling top 5 list.

Example: The Port and Harbor Commission recommended 5 projects to Council this year. Of those projects, 4 are maintenance projects eligible for the Municipal Harbors Program. But one is not; funding must come some other way. This last project is a good candidate for the CIP. (Harbor Sheet Pile Loading Dock).

5.Funding sources
Staff will provide a brief review of funding sources. The work session will end with a conversation on how the CIP, budget, adopted plans and funding sources all fit together.

State funding
• Legislative requests – funds granted through the governor or legislature in the state budget process.
• ADEC revolving low interest loan fund for water/sewer projects.
• Municipal harbors grant program. 50% match required, money is for harbor maintenance, not new harbor facilities. Note: the city needs to lobby for the continuation of this program, and adequate funding for it.

Federal funds – Earmarks! Specific projects are deep water dock, and east boat harbor expansion. Federal earmarks are greatly reduced so it may be a long time until these are funded.

City
• HART/HAWSP: dedicated sales tax funds that can directly pay for road, trail, water and sewer projects, or to make bond payments. Could be a source of matching funds for grants for legislative funding.
• Port Reserves - Not enough money in reserves! Creates cash flow problems for bigger projects, and leaves the City without a source of matching funds to leverage state/federal funding.
• General fund (property and sales tax): Could use bonding to pay for facilities.

Attachments
1. Department needs list
2. 2013 City of Homer Plans
3. City Projects from Adopted Plans
4. Other CIP projects to move to long term, or remove from long term list.
5. “Short Term CIP Projects by Category.”
6. Mid-term CIP projects

Source URL (retrieved on *2014-03-08 21:26*):
http://www.cityofhomer-ak.gov/memorandum/memorandum-13-120-august-worksession-strategic-planning-capital-improvement-projects