



Legislation Text

File #: 15-0051, **Version:** 1

Recommendation to receive a report on the Strategy for the Tidelands Capital Budget and 5-Year Capital Plan and approve the Tidelands Capital prioritization criteria. (Citywide)

On October 8, 2014, staff provided a memo to the City Council stating that the changing price of oil required a revised strategy for the Tidelands Capital Budget and the 5-year Capital Plan. The Tidelands Capital Budget is funded entirely from oil revenues, and the low price of oil has greatly reduced the oil revenue that the City can rely on receiving. The attached memo dated December 31, 2014 provides the proposed strategy for Tidelands capital expenditures and preliminary information of the impact of the oil price on the Tidelands Operating Budget and the Uplands Oil Fund budget.

Staff will be recommending a prioritized list of outstanding Tidelands capital projects and assigning currently available funds to those projects for the Council's consideration. Prioritization will be based on criteria agreed upon by the City Council. Attachment B to the December 31, 2014 memo provides a suggested list of criteria and the prioritization process. Staff proposes using the criteria to rank projects in order of priority, subject to review and modification by the City Council. Following are the suggested prioritization criteria, in order of importance:

1. Public Health and Safety - The extent to which the project impacts maintaining and improving public health and safety;
2. Number of California Residents Impacted - The number of users of the project/facility and/or the California residents impacted;
3. Urgency - The extent to which there are adverse ramifications if the project is not done in the near term;
4. Poor Condition / High Need - The extent to which an existing facility is in poor repair or condition, or alternatively for a non-existing facility, the degree of unmet need;
5. Quality of Life - The extent to which the project adds to the quality of life for California residents, in accordance with the Coastal Act, with a focus on local residents quality of life as well;
6. Revenue Generation - The extent to which the facility will generate funds for the economy, Tidelands revenue, or other revenue. Operating expenses should be included in the evaluation;
7. Ability to Attract Additional Funding - The extent to which partially funding this project from Tidelands funds will result in additional funding from non-City sources to support the project financing;
8. Lack of Alternative Funding Sources - The extent to which this project lacks the ability to be funded from other non-City sources such as an assessment, donations, grant dollars,

fees for service, or other means;

9. Capital Cost - A lower capital cost uses up less funding. The lower the net capital costs to Tidelands, the higher the score for this item.

Additionally, as a part of the review process, the City would consider the overall diversity and balance of the projects.

This matter was reviewed by Deputy City Attorney Amy R. Webber and by Budget Management Officer Victoria Bell on January 7, 2015.

City Council action on this matter is requested on February 3, 2015 to allow staff to develop a preliminary suggested prioritization list of Tidelands capital projects. City staff will return to the City Council for review and approval of the prioritized project list before the end of the first quarter of 2015.

There is no fiscal and/or local job impact associated with the recommendation at this time. The criteria is only intended to serve as a guide for staff to rank Tidelands capital projects according to priority. The final proposed list and any City Council modifications will have fiscal impacts on the City. Those impacts will be discussed at the time of City Council review at a later date.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER