

## MEMORANDUM

**Date:** May 20, 2005  
**To:** Mayor and City Council  
**From:** Nelson Fialho, City Manager  
**Subject:** Capital Improvement Program for Fiscal Years 2005-06 to Fiscal Years 2008-09

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### I. INTRODUCTION AND OVERVIEW OF CIP PROCESS

This Capital Improvement Program (CIP) has been prepared to provide the City Council and the community with information necessary to identify capital improvement needs, projects and reserves for the next four years. Consistent with the City's two-year Budget, it is recommended that the first two years of the CIP be adopted and that funds be appropriated to cover the projects included in these two years. The projects included in the final two years of the CIP are tentative based on currently identified needs and revenue projections and as such, are subject to revision to accommodate changes in priorities and/or expected funding levels. As part of the ongoing budget-monitoring program, staff will conduct a thorough review of the Capital Improvement Program at the end of fiscal year 2005-06 (as part of the Mid-Term Budget process) and will provide the City Council with any recommended changes to projects and revenues.

Because a significant portion of the total revenue available to the CIP is derived from development related fees assessed on new development and other sources not directly related to ongoing City revenue, the status of the economy, state and federal programs and policies and the amount of local development activity during the next several years will play a major role in the City's ability to finance projects included in this program. As a result, as approved in our 2004-05 Mid-Term CIP, revenue from projected development fees collected in calendar year 2004 are being used to fund projects in fiscal year 2005-06. Likewise, development fees projected for fiscal year 2006-07 projects are based on fees projected in calendar year 2005. This conservative approach assures that funds are on hand prior to beginning any significant work on a project.

To assure that there is adequate funding for the recommended 2006-07 projects, staff will refrain from incurring costs on new projects until after approval of the Mid-Term Budget when any revenue adjustments are approved. Staff will however, continue working on existing projects which have received partial funding and approvals in previous years. By utilizing the above method, the City avoids project funding shortfalls resulting from less than anticipated revenues and minimizes the impact of having to stop a project due to lack of funding.

## **Program Organization**

As with previous CIP's, this document is arranged by project category (i.e., Streets, Parks, Miscellaneous, Water, Sewer and Unfunded), with project description sheets for multiple year projects appearing only in the year that projects are initially funded. Projects from each of the five funded project categories are found in the sections highlighted by project tabs. Summary financial tables detailing expenditures for each CIP project are included immediately following this Section. Detailed financial tables showing the specific funding sources for all projects are included in Section 1 of the Appendix.

This CIP includes a new table located at the end of this Summary Section that presents projects based on project status/type including New Projects, Projects in Preconstruction/Planning Phase, Reserve Projects, Projects submitted for Additional Funding, Maintenance projects and Debt service projects. This table provides a quick view on where CIP dollars are being allocated.

The CIP also includes projects that were submitted previously but are being submitted again to request additional funding.

Project identification numbers are included on project description sheets and financial tables. The first two digits of these numbers reflect the fiscal year the project was first funded and the additional digits reflect City account numbers. Page numbers identifying each project are included in the table of contents and on the summary financial tables.

## **Development of CIP Recommendations**

As Council is aware, the CIP is presented to address the City's highest priority capital improvement needs over the next four years. When making decisions regarding project recommendations, staff relies on numerous sources of information. Some of this information, such as data generated through the City's Pavement Management System, is relied upon heavily to develop cost estimates needed to adequately maintain City streets. Other approaches are intended to assure there is adequate revenue to complete active and previously approved projects such as the Renovation of the Veterans Memorial Building and the Firehouse Arts Center which were included in previous CIP's. Also, staff's technical expertise is often utilized to develop the more technically oriented projects such as sewer and water telemetry equipment, water tank maintenance, data processing and other technical areas.

In addition to the above, staff conducted a public hearing with each City commission, and the Economic Vitality Committee regarding the identification of CIP projects. As part of this process, staff presented a detailed listing of potential CIP projects to all City Commissions requesting not only input and recommendations but also public comment.

Similar to the process used for previous CIP's, staff provided commissions with a listing of Parks and Miscellaneous CIP projects requested by City departments and projects projected for funding in the 2005-06 CIP. In addition, staff recommended each commission review all CIP projects from the perspective of a City resident as well as a member of their particular commission so that a community perspective is obtained. While the commissions were provided information related to Streets, Water and Sewer projects, these projects were not prioritized by the Commissions unless initiated by the commission. Based on responses from City commissions, the table below lists those projects that at

least three commissions (including the Economic Vitality Committee), determined to be “highest priority” projects. As indicated in the table, all of the Commission’s highest priority projects are, to some degree, funded in this and/or prior CIP’s. In addition to this table, a detailed listing of commission recommendations and comments is included in Section II of the Appendix.

### STATUS OF PROJECTS RECOMMENDED BY CITY COMMISSIONS

PROJECT NAME/ DESCRIPTION	STATUS IN CIP
<b>Veterans’ Memorial Building Renovation -</b> Interior and exterior renovations consistent with the recently completed Master Plan.	The CIP includes \$533,098 in 2005-06 for this project. This funding is in addition to a current project reserve of \$2,907,735 that in total should be enough to complete the project.
<b>Restrooms in Delucchi Park -</b> Construct restrooms for public use in Downtown.	This project was funded in 2003-04 for \$400,000 which should meet project costs. As a result, additional funding is not included in this CIP.
<b>Additional Downtown Parking -</b> Improve and increase parking, including the ACTC, in accordance with the Downtown Specific Plan and in cooperation with the PDA.	This CIP includes \$1,450,000 for this project. The amount has been increased from previous CIP projections in anticipation of the potential for acquiring the rail corridor from Alameda County. The project also has an existing reserve of \$1,100,000. An estimated project cost estimate has not yet been developed.
<b>Library Space Needs –</b> Address the space needs identified in the recently completed space needs analysis.	This CIP does not include a specific project for expansion of the library. Rather, it includes \$3,815,000 for a civic center improvement project that may include a new or expanded library facility. Staff anticipates a Council review of options for continuing the planning of the civic center site including library expansion, additional parking, a new city hall office building, improved gateway to Downtown, removal of the modular building, and public spaces. The existing reserve is \$2,456,323.
<b>Youth/Community Center</b>	The Youth Master Plan Implementation Committee is currently conducting a feasibility study for this project.

Another approach used to develop staff recommendations involved reviewing the City Council's recently adopted highest priority projects to develop recommendations on those capital projects which are appropriate for CIP funding. The table below identifies these projects and their status in this CIP.

**DISPOSITION OF CITY COUNCIL  
"HIGHEST" PRIORITY PROJECTS THAT ARE ELIGIBLE FOR CIP FUNDING**

PROJECT NAME	STATUS IN THE CIP
<b>Bernal Property:</b>	
Completion of Phase I Lighted Sports Fields	Funded in 2004-05
Complete the Phase II Specific Plan Study and the Community Park Master Plan	Funded in 2005-06/2008-09
Bernal Property Creek Restoration/Mitigation	Funded in 2005-06/2006-07
Coordinate Construction of Valley Avenue Junipero Street	To be completed by Bernal Investment Company, LLC
<b>Traffic:</b>	
Tri-Valley Triangle Traffic Study	Funded in the operating budget
<b>Callippe Preserve Golf Course and Happy Valley Open Space:</b>	
Complete Development and Construction of Golf Course	Funded in previous CIP
Happy Valley Bypass Road Development	Funded with \$1 million in 2004-05
<b>Youth Programs:</b>	
Youth Master Plan Implementation	Community/Teen Center Study funded in 2004-05
<b>Quality of Life:</b>	
Civic Center Master Plan	Funded as a reserve in all four years
Second Bridge Crossing Arroyo de la Laguna	Funded in 2005-06
First Street Renovation	Currently in progress
<b>Parks and Open Space:</b>	
Kottinger Creek Restoration through Kottinger Park	Funded with \$800,000 in 2005-06
Ridgeland Access—Acquisition of Additional Open Space Land	Unfunded project
Community Park in North Pleasanton	New Community Park Acquisition Project funded 2005-06/2008-09
Trails Master Plan Implementation	Trails funded with \$240,000 annually
Donlon School Sports Fields	Not funded in this CIP. Staff to provide Council with a recommendation at a later date.

**DISPOSITION OF CITY COUNCIL  
 "HIGHEST" PRIORITY PROJECTS THAT ARE ELIGIBLE FOR CIP FUNDING  
 (Cont'd)**

<b>Downtown:</b>	
Veterans Memorial Building Renovation	Funding complete in 2005-06
Locate and Construct Downtown Restrooms	Fully funded in 2004-05
Alameda County Transportation Corridor Acquisition	Reserve of \$2.5 million projected by 2008-09
Vervais Avenue Issues	Acquisition of 4254 Vervais in progress
Fire Station 4 (Railroad Ave) Conversion to Firehouse Arts Center	Funded with \$6 million
Downtown Wi-Fi District	Funded in 2004-05 with funds obtained from previously completed projects

Based on project funding/status described above, the CIP reflects both community expectations, Council priorities, and staff identified needs. Nevertheless, as with previous CIP's, and as evidenced by the number of projects included in the Unfunded section of this program, not all projects can be funded. However, staff is confident that this program appropriately addresses the community's highest priorities.

## II. PROGRAM FINANCIAL OVERVIEW

A summary of available annual financial resources (including beginning balances) and recommended annual expenditures is listed in the tables below. Summary financial tables showing all recommended projects and available funding are included at the end of this section. All project expenditures and revenues segregated by source are included in the detailed financial tables located in the Section I of Appendix.

As approved as part of the 2004-05 Mid-Term CIP, development fee revenue including the Public Facilities, Traffic Impact, In Lieu Park Dedication and Water and Sewer Connection Fees, are recorded on a calendar year basis. This approach, which is clearly marked on the detailed financial tables, provides a more conservative approach assuring that revenue is collected prior to programming for a specific project. In addition, because the Planning Department has historically tracked development activity on a calendar year basis, this change eliminates the need to convert this data to a fiscal year resulting in greater accuracy. Other revenues, such as gas taxes, grants, and General Fund, are projected based on staff estimates in the year they are expected to be received. As indicated previously, staff utilizes the Mid-Term CIP to make any adjustments necessary to address fluctuations in estimated revenues or project expenditures which assures the CIP accurately reflects project development.

Notwithstanding the above, to reflect the City's contribution and requirement for the Bernal/I-680 Interchange project, the CIP shows the transfer of Traffic Impact Fees to the Bernal Interchange account occurring in the year the fees are projected to be received. This practice reflects the City's contribution to this project. Costs in excess of these revenues will be advanced by Bernal Investment Company, LLC.

The three tables listed below provide a general summary of revenues and expenditures by project category and major funding sources.

### Projected Available Annual Financial Resources\*

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	TOTAL
<b>STREETS</b>	\$4,571,572	\$5,511,020	\$5,686,615	\$6,438,042	\$16,646,447
<b>PARKS</b>	\$3,324,580	\$4,240,443	\$3,378,475	\$3,338,405	\$14,220,738
<b>MISCELLANEOUS</b>	\$4,411,620	\$3,219,219	\$2,697,761	\$2,369,138	\$11,476,532
<b>WATER</b>	\$7,624,742	\$8,801,321	\$8,951,224	\$9,927,436	\$15,650,348
<b>SEWER</b>	\$3,890,933	\$2,960,945	\$2,609,776	\$3,330,143	\$8,530,435
<b>TOTAL</b>	\$23,823,447	\$24,732,948	\$23,323,851	\$25,403,164	\$66,524,500

\*To accurately reflect that amount of financial resources available each year by category, the above annual dollar amounts include all available resources for each year including beginning and recurring fund balances. However, the "total" column has been adjusted to reflect removal of these transfers and the recurring fund balances. As a result, the "total" column does not equal the sum of the individual years.

### RECOMMENDED EXPENDITURES

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>TOTAL</b>
<b>STREETS</b>	\$3,396,315	\$3,850,203	\$2,961,887	\$2,832,619	\$13,041,024
<b>PARKS</b>	\$3,320,525	\$4,221,388	\$3,340,420	\$3,276,350	\$14,158,683
<b>MISCELLANEOUS</b>	\$4,097,873	\$2,824,748	\$2,184,773	\$2,084,588	\$11,191,982
<b>WATER</b>	\$1,592,706	\$2,518,450	\$1,611,756	\$1,533,088	\$7,256,000
<b>SEWER</b>	\$2,141,472	\$2,080,320	\$978,500	\$971,434	\$6,171,726
<b>TOTAL</b>	\$14,548,891	\$15,495,109	\$11,077,336	\$10,698,079	\$51,819,415

The table below lists revenues by source and year and expenditures and balances by year.

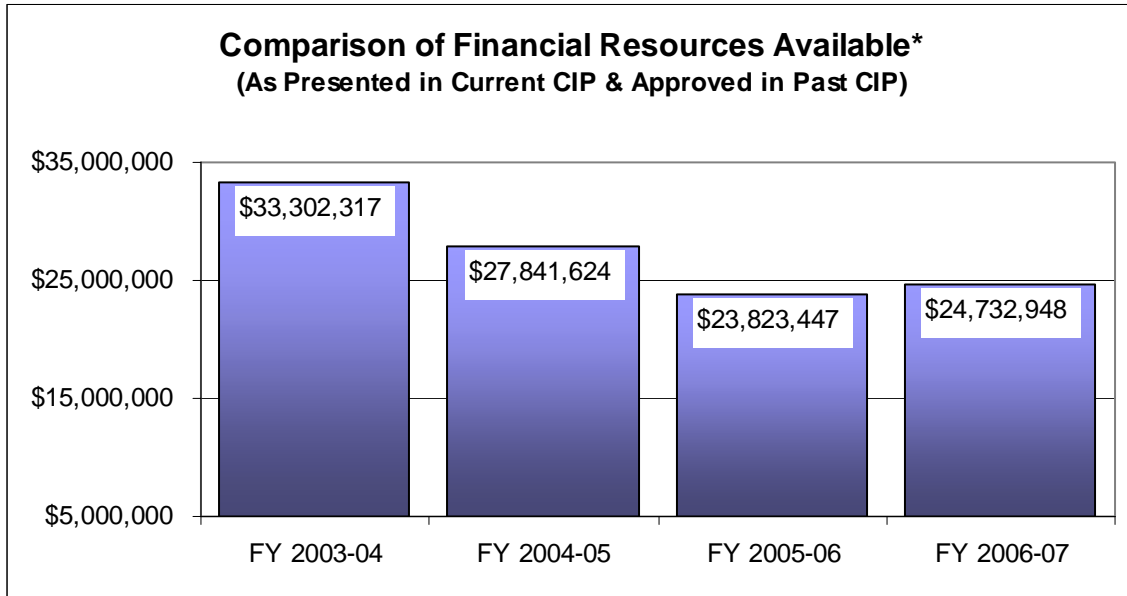
### **SOURCES OF FINANCIAL RESOURCES, EXPENDITURES AND FUND BALANCES**

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>TOTAL</b>
Beginning Balances	\$13,213,412	\$9,274,556	\$9,237,839	\$12,246,515	\$13,213,412
Gas Tax Highway and Measure B	\$2,074,500	\$2,074,500	\$2,074,500	\$2,074,500	\$8,298,000
Development Related Fees*	\$4,540,960	\$2,281,019	\$1,494,702	\$283,893	\$8,600,574
Developer Contributions	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$40,000	\$0	\$0	\$40,000
Utility Connection Fees*	\$655,394	\$392,700	\$164,604	\$36,584	\$1,249,282
Annual General Fund	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$20,000,000
Transfers from Other Funds**	\$4,086,295	\$4,357,413	\$4,202,824	\$4,289,752	\$16,936,284
Interest	\$700,000	\$908,000	\$996,300	\$1,074,300	\$3,678,600
<b>Financial Resources</b>	\$30,270,561	\$24,328,188	\$23,170,769	\$25,005,544	\$72,016,152
City Development Fees Transferred to Next Fiscal Year	(\$4,670,039)	(\$2,543,516)	(\$1,517,419)	(\$257,858)	(\$8,988,832)
City Development Fees Transferred from Prior Fiscal Year	\$0	\$4,670,039	\$2,543,516	\$1,517,419	\$8,730,974
Transfer to Other Funds	(\$1,777,075)	(\$1,721,763)	(\$873,015)	(\$861,941)	(\$5,233,794)
<b>Total Financial Resources</b>	\$23,823,447	\$24,732,948	\$23,323,851	\$25,403,164	\$66,524,500
<b>Expenditures</b>	\$14,548,891	\$15,495,109	\$11,077,336	\$10,698,079	\$51,819,415
<b>Ending Balance</b>	\$9,274,556	\$9,237,839	\$12,246,515	\$14,705,085	\$14,705,085

\*Represents fees projected for calendar year 2005. These fees are available for fiscal year 2006-07.

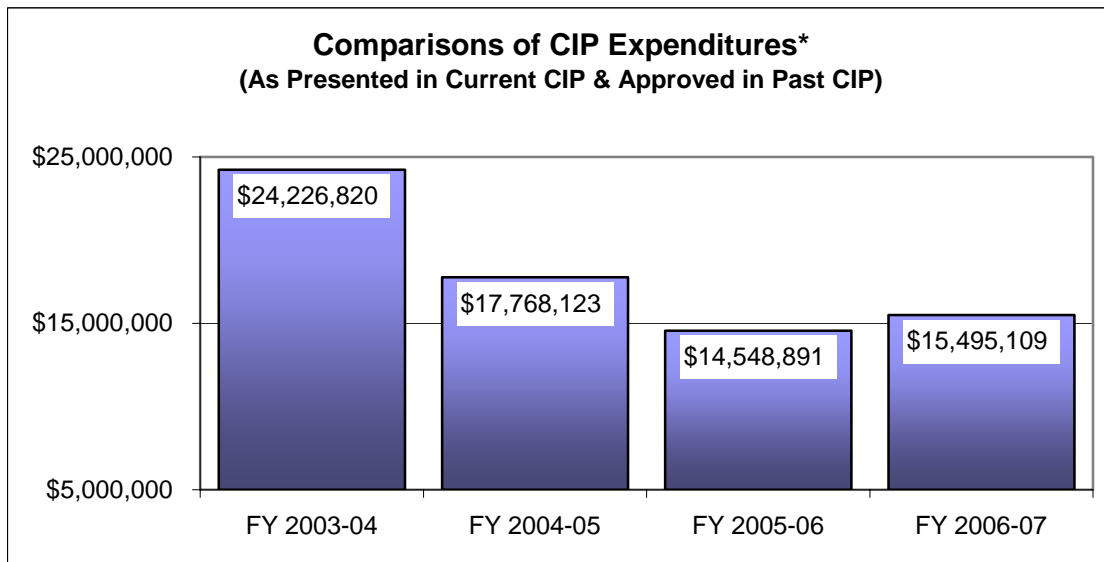
\*\*Includes transfers from the Water and Sewer Maintenance and Operation funds.

Total available financial resources, including beginning fund balances, projected in the first two years of this CIP are \$23,823,447 for 2005-06 and \$24,732,948 for 2006-07 for a total of \$48,556,395 over the two funded years. The following chart provides a graphic representation of a comparison between the first two years of this CIP with the budgets from the two previously approved Programs.



\*The above represents the budgeted amount. Actual revenues may vary.

Total expenditures recommended in the first two years of this CIP are \$14,548,891 for 2005-06 and \$15,495,109 for 2006-07 for a total of \$30,044,000 over the two funded years. The following chart provides a graphic representation of a comparison between the first two years of this CIP with the budgets for the two previously approved Programs.



\*The above represents the budgeted amount. Actual revenues may vary.

### III. SUMMARY OF THE MAJOR REVENUE SOURCES

## **Beginning Balances**

Beginning balances are developed based on revenue estimated to be available effective July 1, 2005. The beginning balance for all project categories for this CIP is \$13,213,412. The beginning balances are derived from both available revenue from preceding years and from available development fee revenue collected calendar year 2004. An identification of beginning balances by revenue source is included in detailed financial tables located in Section 1 of the Appendix.

## **State and Local Gas Tax and Highway Related Revenue**

Gas tax revenues are allocated annually to cities on a statewide allocation formula which is based primarily on a city's population. These funds, which can be used for new construction or repair and maintenance of existing street systems or street lighting, are determined by the amount of gas sold in the state.

For the first two years of the program, the total gas tax projections are \$1,292,500 for 2005-06 and 2006-07. A total of \$5,170,000 is projected for the total four years of the CIP. This funding source should remain stable and is consistent with the estimates made in previous Programs, because gas taxes are subject to fuel consumption, staff estimates are subject to change. Also, while staff has not been informed of formula changes as part of the State budget process, future allocations may be subject to State's budget process. As a result, the budgeted amounts remain consistent in each CIP year.

In addition to the gas tax, \$3,128,000 is projected from Measure B revenue over the four years of the CIP. While Measure B is funded from sales tax, it is placed in this category to reflect its use for roadways. However, \$660,000 of this amount will be used for trails and/or bike paths including potentially a pedestrian walkway from the Senior Center to the proposed Assisted Living Facility.

Staff estimates that the City's 20% share of the Tri-Valley Transportation Development Fee will generate approximately \$361,024 during the next four years of this program. This revenue has been included in the Tri-Valley Transportation Fees (Reserve) project as a means of segregating it from other traffic related revenue. The current balance of this fund is \$721,599. Once this project has reserves sufficient to complete a significant project, staff will recommend the most appropriate use for the funding. Also, because this revenue is generated from sources outside of the City, the actual amount of revenue received is subject to change and outside the control of the City.

## **Local Development Related Fees**

This category of revenue consists of fees collected by the City to offset the impact of new development. The four major sources and expected revenue from these sources are as follows:

**CITY DEVELOPMENT RELATED FEES**

	<b>Calendar Year 2005</b>	<b>Calendar Year 2006</b>	<b>Calendar Year 2007</b>	<b>Calendar Year 2008</b>	<b>TOTAL</b>
PUBLIC FACILITY FEE	\$1,473,667	\$839,985	\$373,270	\$84,940	\$2,771,782
TRAFFIC DEVELOPMENT FEE	\$1,331,590	\$727,411	\$494,195	\$126,627	\$2,679,823
WATER CONNECTION FEE	\$443,200	\$227,200	\$110,430	\$25,200	\$806,030
SEWER CONNECTION FEE	\$212,194	\$115,500	\$54,174	\$11,384	\$393,252
PARK DEDICATION FEES	\$1,509,388	\$583,420	\$485,350	\$9,707	\$2,585,857
<b>TOTAL</b>	<b>\$4,970,031</b>	<b>\$2,493,436</b>	<b>\$1,515,419</b>	<b>\$257,858</b>	<b>\$9,236,744</b>

As indicated previously, these fees are available for expenditure in the fiscal year following the calendar year. As a result, fees collected in calendar 2005 are programmed for expenditures in 2006-07.

In projecting development related fees, staff has taken a conservative approach so that the CIP includes revenue projections only from projects that have been approved by the City Council and have received Growth Management approval. However, if development does not occur as projected, staff will make the necessary adjustments as part of the Mid-Term CIP without affecting current year funding.

The number of residential units and commercial square footage included as revenue generating projects is as follows:

**RESIDENTIAL DEVELOPMENTS AND COMMERCIAL SQUARE FOOTAGE  
USED FOR REVENUE PROJECTIONS**

<b>RESIDENTIAL</b>		<b>COMMERCIAL</b>	
<b>Calendar Year</b>	<b>Number of Units</b>	<b>Calendar Year</b>	<b>Square Footage</b>
2005	341	2005	198,596
2006	231	2006	0*
2007	88	2007	145,340
2008	21	2008	12,624
<b>TOTAL</b>	<b>681</b>	<b>TOTAL</b>	<b>356,560</b>

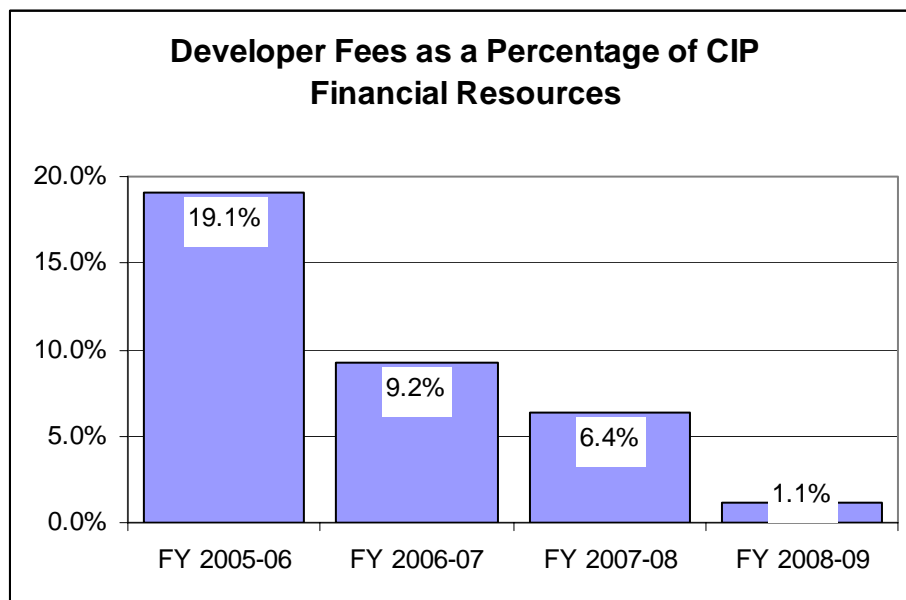
\*Does not include 146,634 sq. ft. of projects subject to discretionary approval.

Because the City does not control the timeline for these developments, the unit projections are staff's best estimate based on recent development activity and discussions with the developers. Should projects scheduled for calendar year 2005 not occur, the unit totals and corresponding revenue will be reduced. Should new projects develop, the unit totals and corresponding revenue may be adjusted and/or increased. If this should happen, as indicated above, an adjustment will be made in the Mid-Term CIP without affecting projects funded in 2005-06. In general, development projections must be viewed as

tentative since even approved projects may be affected by the economy and the health of the housing and construction industry that is generally beyond the City's control.

In 1998 the City conducted a comprehensive development fee study that established a nexus between development fees and the impacts brought on by new local development. This study established the fee amounts for the Public Facilities, Traffic Impact and Park Dedication fees and has served as the foundation for development fees usage. Consistent with that study, the recommendations related to fee usage in this CIP are generally consistent with the study. However, since 1998 the scope and cost of many of these projects have changed causing some modifications. In response to the Council's priority to conduct a comprehensive fee study, staff anticipates updating this study to incorporate new project and cost information. Nevertheless, this CIP continues to apply development fee revenue to projects that are consistent with the intent and scope of the 1998 fee study.

Because additional development related revenue could become available to the CIP if new development is approved, it is difficult to estimate the total amount of development revenue that could be available in this CIP. However, as the City approaches build-out, development related revenue as a percentage of total available CIP revenues should continue to decrease. Nevertheless, development related revenue continues to play an important role in this CIP. The trend in development fees is outlined in the graph below.



\*Does not include City utility connection fees.

## Grants

Grant and loans from state and federal agencies continue to play an important role in funding City programs and services, and this CIP includes \$40,000 in 2006-07 from a Transportation Development Act grant for constructing accessible ramps. Based on experience, additional grant funding may become available as staff continues to pursue a range of project funding opportunities.

**Utility User's Fees**

The City has historically adjusted sewer and water rates to assure adequate funding for Sewer and Water replacement and improvement projects. To show the availability of Sewer and Water replacement funds, the water and sewer program is divided into expansion and replacement/improvement projects. Expansion projects are those funded by connection fees for development activities while replacement and improvement projects are funded by utility user fees that are transferred from the water and sewer maintenance and operation funds to the CIP for replacement/improvement projects, including debt service. The funds are not transferable between each other. Although from time to time, loans may occur between these funds to meet immediate project needs. All water and sewer detail is included in Section I of the Appendix. Revenue from the water and sewer maintenance and operation fund is as follows:

**SUMMARY OF UTILITY USER FEES INCLUDED IN THE CIP**

	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>TOTAL</b>
<b>WATER</b>	\$2,335,137	\$2,423,173	\$2,321,173	\$2,422,059	\$9,501,524
<b>SEWER</b>	\$1,441,157	\$1,434,240	\$1,536,651	\$1,542,693	\$5,954,741
<b>TOTAL</b>	\$3,776,294	\$3,857,413	\$3,857,824	\$3,964,752	\$15,456,283

**Transfers from the General Fund**

This CIP includes a transfer of \$5,000,000 from the General Fund in each year of the CIP for a total of \$20 million. This funding is used for projects in the Streets, Parks and Miscellaneous programs including the Civic Center Site Improvement Reserve, debt service, Kottinger Creek Restoration, Bernal Creek Restoration, Bernal Property Improvements, Expansion of the Aquatic Center and Annual Street Resurfacing. With the exception of 2005-06, annual funding is allocated \$1 million to Streets, \$2 million Parks and \$2 million Miscellaneous. For 2005-06, Miscellaneous is allocated \$3 million to accommodate an \$800,000 allocation to the Kottinger Creek Restoration project, the Citywide Survey Monument Benchmarking and the Soundwall Replacement at the South Side of Stoneridge Drive project. General Funds are not allocated to Streets in 2005-06 reflecting the availability of an existing beginning balance of \$1.5 million in the Streets program.

Since beginning these transfers in FY1998, the General Fund’s contribution has been divided into two components. The first component is an annual ongoing contribution intended to remain somewhat constant through build-out. The goal of this component is to eventually create a stable contribution of approximately \$5 million annually. The initial annual contribution from this component was \$1.8 million. However, as new major capital projects are brought on-line (including the Bernal Property project, which was not anticipated at the time the “policy”

was developed), it is anticipated that this contribution will be reduced to cover the cost of operating the new facilities. The second component is a contribution of one-time revenues from the General Fund Capital Improvement Reserve. Because this component is made up of one-time revenue sources, it has not been viewed as an ongoing and stable source of revenue to the CIP. In the past, the amount of one time contributions to the CIP has varied significantly ranging from \$0 to \$4.9 million annually. As a reflection of the uncertainty of this revenue, staff has allocated it to specific one-time projects such as the Veterans Memorial Building Renovation or to reserves such as the Bernal Improvement Reserve or the Civic Center Improvement Reserve that at this time, are not critical in terms of funding construction ready projects.

As indicated in the Mid-Term CIP, to reflect the uncertainty of private sector development and state funding impacts, staff is taking a more conservative approach to forecasting CIP revenues. As a result, this CIP does not include one-time General Fund Revenues. The Mid-Term CIP projected up to \$2 million would potentially be available for 2005-06. Consistent with previous CIP's, this revenue could become available after the City completes its year-end financial report to determine the availability of any one-time revenues that could be transferred to the CIP. As a result, if it becomes available, it would be added as part of the Mid-Term budget for 2006-07. At this time, it is uncertain whether this funding will be available and future years will be dependent on the overall state of the economy, overall City operating costs and the ongoing impact of State finances.

To facilitate this approach in 2005-06, approximately \$1.3 million in the Street program beginning balance has been used to fully fund street maintenance projects. Because the beginning balance was not allocated to a specific project, its use does not directly impact any planned project(s). In addition to this adjustment, the amount of funding placed in the Civic Center Site Improvement Reserve and the Bernal Property Improvement Reserve projects have been reduced. As indicated, all reserve projects are subject to change and in fact, their projected growth is subject to a number of factors including funding projects of higher priority, adjustments in available revenues and meeting current project costs that may impact reserve balances. This adjustment will not affect the funding of any specific project planned for these reserves.

Regardless of the amount of one-time funding (if any) that may become available in future years, as the City approaches build-out, the amount of available development fee revenue will decline and the operating costs of these facilities will result in increased overall operating costs which will further impact the General Fund's ability to maintain CIP contributions. As a result, continuing to address the demand for new facilities will be challenging without new revenue sources. Further the development of the Bernal Property will require considerable revenues that may not be available from the sources used historically. As a result, staff will work with the Council and the community to address creative and new ways to meet facility needs to assure they are adequately addressed. Ultimately, the ongoing availability of "one-time" revenue is significantly dependent on the overall state of the economy, the actions of the State related to addressing its budget situation and the amount of one-time funding that becomes available to the General Fund. Staff will review this matter as part of the Mid-Term 2006-07 budget and will recommend changes as appropriate.

A detailed listing of the projects with General Funds is included in the financial tables included in the Section 1 of the Appendix. With many of these projects, the General Fund is used to meet the City's

required contribution to projects funded with Public Facility Fees. A distribution of General Fund contributions over the five years of the program is as follows:

**ANNUAL GENERAL FUND CONTRIBUTIONS**

<b>FY 2005-06</b>	<b>FY 2005-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>TOTAL</b>
\$5,000,000	\$5,000,000	\$5,00,000	\$5,00,000	\$20,000,000

The following table illustrates the manner in which general fund money is transferred to the CIP.

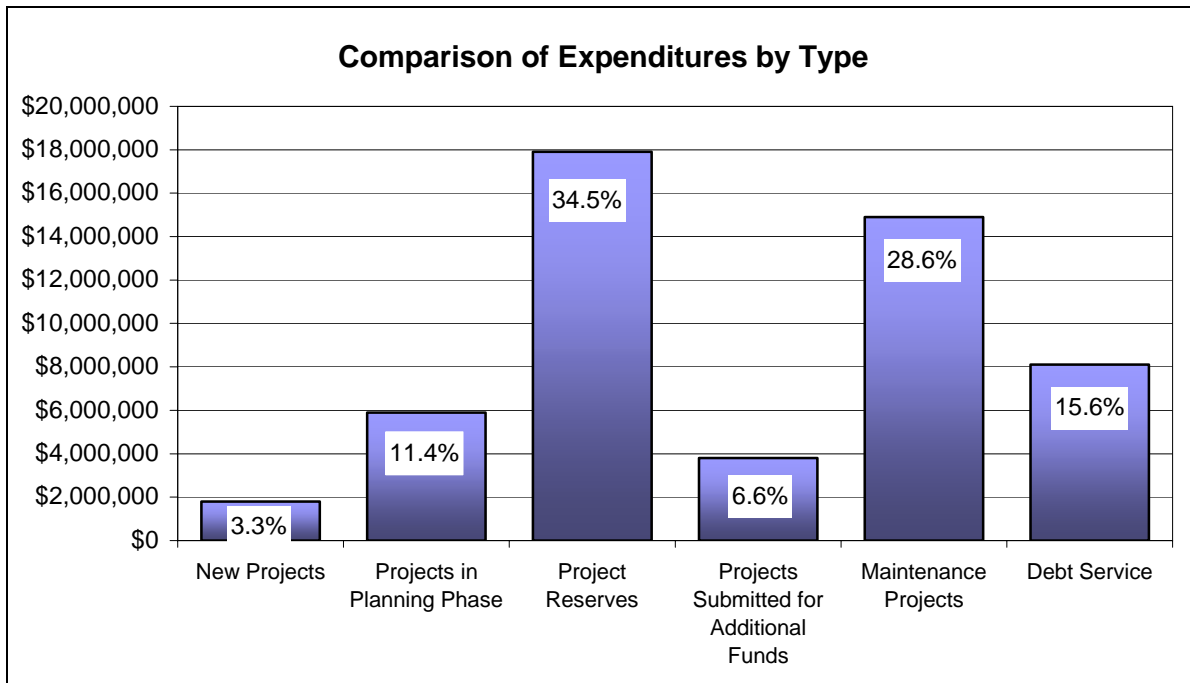
**SUMMARY OF ONGOING GENERAL FUND AND CIPR TRANSFERS TO THE CIP**

	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>Total</b>
<b>Parks</b>	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$8,000,000
<b>Miscellaneous</b>	\$3,000,000	\$2,000,000	\$2,100,000	\$2,000,000	\$9,000,000
<b>Streets</b>	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
<b>Total All Categories</b>	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$20,000,000

**IV. SUMMARY OF MAJOR CIP EXPENDITURES**

The CIP includes a total of 51 projects recommended for funding in 2005-06 and 2006-07 and a total of 55 projects for all years. As listed previously, total expenditures for the first two years are estimated at \$30,044,000. Total expenditures for all four years of the CIP is estimated at \$51,819,415. The financial tables at the end of this Section include all program expenditures by project and by year. The detailed financial tables in Section I of the Appendix include all projects by year and by funding source. As noted earlier, the financial tables portion of Section I also includes a new table detailing project status/type including New Projects, Projects in Preconstruction/Planning Phase, Projects in Predesign/Early Planning Phase, Maintenance projects and debt service. As can be expected, as the City matures, the need for maintenance projects increase. However, due to the opportunity to develop the Bernal Property, a considerable effort will be directed to new development as well. The chart below outlines a breakdown of projects by types.

**SUMMARY OF CIP PROJECTS BY TYPE**



**Projects Submitted for Additional Funding**

Similar to previous CIP’s, this program includes a number of projects funded previously that have been reintroduced in this CIP for additional project funding resulting from changes in the project’s scope and/or inflationary costs. While these cost fluctuations could be addressed at the time the City Council awards a contract to proceed with project development, in an attempt to have the CIP be as accurate as possible, these projects are being reintroduced. Additional funding amounts are based on current estimates and are subject to changes following project bidding. For identification purposes, these projects include “additional funding” in their title. Also included are projects with additional funding anticipated previously and projects established as reserves in anticipation of receiving additional funding at a later date. Note that this list does not include projects with funding planned over multiple

years like the Median Landscape Improvements and Annual Sanitary Sewer Main Replacements which are ongoing maintenance projects not reserves. A listing of these projects is as follows:

**SUMMARY OF RESERVE PROJECTS AND  
PROJECTS SUBMITTED FOR ADDITIONAL FUNDING  
CIP 2005-06/2006-07**

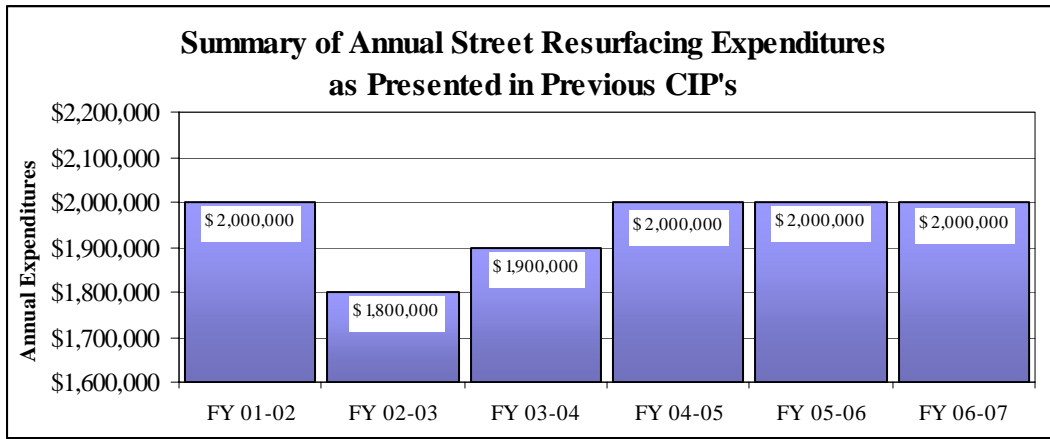
<b>PROJECT DESCRIPTION</b>	<b>Previous Funding/Reserve</b>	<b>Additional Funding</b>	<b>Revised Total</b>
<b>PROJECTS SUBMITTED FOR ADDITIONAL FUNDING</b>			
Kottinger Creek Restoration	\$300,000	\$800,000	\$1,100,000
Bernal Creek Restoration	\$1,242,173	\$1,724,227	\$2,966,400
Second Bridge Over Arroyo de la Laguna at Bernal Ave. Stanley Blvd. Widening at Valley/Bernal	\$0*	\$400,000	\$1,900,000
Fire House Arts Center	\$5,500,000	\$500,000	\$6,000,000
Veterans Memorial Building	\$2,907,735	\$553,098	\$3,460,833
Sanitary Sewer Pump Station Improvements and Upgrades (S-5)	\$200,000	\$920,000	\$1,120,000
Sanitary Sewer Flow Diversion Structure at Koll Center	\$156,000	\$199,000	\$355,000
Sewer Pump Station Improvements & Upgrades (S-6)	\$1,542,000	\$600,000	\$2,542,000
Nevada Street Sewer Main Extension	\$1,056,124	\$166,576	\$1,222,700
Nevada Street Water Main Extension	\$397,306	\$208,694	\$606,000
Bonde Zone/Ruby Hill Pipeline Loop	\$250,000	\$300,000	\$550,000
Water Quality Project to Foothill Tank	\$550,000	\$225,000	\$775,000
<b>RESERVE PROJECTS</b>			
Aquatic Center Expansion Phase II	\$280,068	\$1,350,000	\$1,630,068
Bernal Property Improvements Reserve	\$3,546,000	\$6,511,812	\$10,057,812
Civic Center Site Improvements Reserve	\$2,456,323	\$3,815,000	\$6,271,323
Dougherty Valley Mitigation Revenue Reserve	\$407,650	\$200,000	\$607,650
Downtown Parking Improvements Including Improvements to the Alameda County Transportation Corridor (ACTC)	\$1,100,000	\$1,450,000	\$2,550,000
Downtown Specific Plan Improvements	\$650,000	\$500,000	\$1,150,000
Tri-Valley Transportation Development Fee Reserve	\$721,599	\$361,024	\$1,082,623

\*The original project only included obtaining required regulatory permits and the cost of removing the old abutment under the existing bridge.

**Summary of Major Funded Projects Included in the CIP**

## Streets

- ◆ Provide a total of \$8,000,000 over the four years of the CIP for street resurfacing. This amount represents a slight increase over the \$7,900,000 anticipated in the last CIP. The actual streets to be resurfaced will be determined following an update to the City's pavement management system. The following graph provides a representation of past and projected street resurfacing projects approved in previous CIPs.



- Includes \$2,930,000 for various street related maintenance and improvement projects including curb and gutter replacements (\$600,000), slurry sealing (\$560,000), installation of traffic buttons (\$400,000), sidewalk ramp installation (\$520,000), sidewalk maintenance (\$750,000), and an evaluation of City streets (\$100,000).
- Includes \$400,000 for construction of the Second Bridge over the Arroyo De Laguna at Bernal. This bridge design is consistent with a more traditional styled bridge to be constructed without the faux steel supports as planned previously. The additional costs represent the estimated cost of construction and the developer's contributions to this project. The estimated total cost of the project is \$1,900,000. Funding will be derived from a range of sources including the DeSilva Group and Bernal Investment Company, LLC.
- Unlike previous years, this CIP does not include a project for funding installation of traffic signals. The Mid-Term CIP anticipated \$300,000 annually for this project. This project has not been funded pending completion of the General Plan update which will provide general direction regarding new or modified signalized intersections. The Streets projects balance does include adequate funding to install signals consistent with prior funding levels and staff anticipates addressing this matter at the Mid-Term CIP if the General Plan update is complete.
- This CIP does not include additional funding for the Happy Valley Bypass Road. The current project reserve is \$1 million. Once road design and construction cost estimates are available, staff will prepare a recommendation regarding project funding.

## Parks

- \$6,511,812 is included in the Bernal Property Improvement Reserve for new Bernal Property projects including funding for the Phase II Specific Plan and other planning studies. This amount is in addition to an existing reserve of \$3,546,000. As indicated previously, this funding comes primarily from General Fund transfers and as such it is subject to change. Further, competing priorities can result in funding being allocated to other projects.

This funding does not include approximately \$4.7 million that is currently in a separate reserve for the Bernal Community Park--Phase I estimated to be 13-acres. Staff anticipates completing the design for this project during 2005-06 with construction starting immediately after completion of this process.

- The CIP includes \$1,724,227 for completion of Phases I-III of the Bernal Creek Restoration project that will be carried out during the first two years of the CIP. This project, which was identified as a high priority by the City Council during the review of the Mid-Term CIP, restores the tributary creeks traversing the Bernal property and includes expansion of the trails system.
- In Lieu Park Dedication fees are limited to projects related to acquiring parkland. A total of \$3,512,644 is included in the four years of the CIP to establish a reserve to acquire land for new community park(s). While the Council has not identified a specific park location or project for this funding, one may develop as an outgrowth of the General Plan update process or in the future as the City looks toward the development of not yet developed or underdeveloped property. In addition, as part of the City's future fee study, there can be analysis regarding the potential for expanding the use of this revenue to address park development needs as well as park acquisition.
- The reserve for the acquisition of a 5-acre park in South Pleasanton has been reduced by approximately \$750,000 to acquire a residential property located at 4254 Vervais. Including this adjustment, this project has a balance of \$740,990. Staff is currently evaluating uses for the Vervais property that may further reduce this reserve if the Council decides to construct park related improvements on this site. A decision regarding this matter is scheduled for 2005-06.
- This CIP does not include any additional funding for the Alviso Adobe Park. Currently this project has a fund balance of approximately \$3.3 million and staff has determined that this will be inadequate to fund the project as currently designed. To address this matter, staff is planning to present park options to the City Council for direction regarding prioritizing the project. If the Council determines that funding the project is a priority, it will need to determine if design changes are needed to reduce costs or if other projects should be modified or eliminated to address additional funding. The Park and Recreation Commission has identified this as its highest priority project and in response, staff intends to forward the project to the Council for its review later this year.
- This CIP does not include funding for additional lighted tennis courts that have been recently requested by community members. Staff anticipates this project may be addressed by adding

lights to the City's courts at Pleasanton Middle School. The Parks and Recreation Commission is currently undergoing a study to assess needs, and will provide its findings and recommendations to the City Council in August. This CIP does not include funding for Donlon School Sports Fields. Because the PUSD has expressed an interest in cooperating with this project, staff anticipates forwarding the Council a report on this matter within the next few months.

## Miscellaneous

- The CIP includes an increase to projected funding for Downtown Parking Improvements with \$1,450,000 in this CIP. This funding is in addition to an existing reserve of \$1,100,000. The \$500,000 in 2006-07 is recommended to reflect negotiations with Alameda County to purchase the Downtown Rail Corridor. While an agreement in principal has not yet been reached, this additional funding should be available to offset the acquisition.
- A total of \$553,098 is available in 2005-06 to complete funding for the Renovation of the Veterans Memorial Building. This allocation is in addition to an existing reserve of \$2,907,735 that is expected to complete the project. Staff is finalizing bid documents and construction bidding is expected in 2005-06.
- The Civic Center Improvement reserve will be augmented with an estimated \$3,815,000 which is in addition to the existing reserve of \$2,456,323. In addition, the scope of this project has been changed to include expansion of the Pleasanton Library. As indicated on the project description sheet, the recently completed library space needs assessment completed in 2004 indicates a need for additional library space to meet current and future needs. As a result, staff intends to present the Council with options regarding study options for the civic center site in summer 2006. If the Council decides to further pursue library expansion at that time, it will be necessary to fund new studies related to the ultimate use of the civic center site.
- \$800,000 is included in 2005-06 for the Kottinger Creek Restoration project. At this time staff is evaluating restoration options and intends to recommend a final design to the Council in 2005. Based on the current design, the recommended \$800,000 and the reserve of \$249,635 may not be adequate to fully complete the current restoration plan and as a result, staff anticipates some plan modifications including evaluating the number of new pedestrian bridges to be constructed. The Housing Commission voted to remove this project from the CIP as an opportunity to direct CIP funds to higher priority projects.
- The CIP does not make reference to the City Gateway sign project presented to the Council recently at an estimated cost of \$125,000. Currently, this project is funded with available reserves and as a result, if the Council does not intend to move forward with this project, it can be removed from the CIP and the funding can be redirected as part of the Mid-Term budget review.

- The CIP does not include debt service for Callippe Preserve Golf Course and Happy Valley Open Space projects which is now part of the operating budget. However, after the course is operational, staff anticipates that its capital improvement needs may warrant the creation of a new CIP section specifically for identifying capital needs for the course.

## **Water And Sewer**

- The Vineyard Corridor Specific Plan anticipates water infrastructure improvements including a water tank, water lines and pump station vault to provide adequate water to new development projected for this area. The total cost of this project may approach \$6.7 million of which \$3.88 was funded previously. The financing model for this project involves the City installing the infrastructure prior to the majority of development occurring in the area. To accommodate this, funding will come from utilizing approximately \$5.8 of Water Maintenance and Operation funds that are currently in reserve for replacement and improvement projects. The money will be repaid from Vineyard Corridor Specific Plan fees as development occurs in the area. Staff anticipates presenting an overview of this project in 2006 at which time a recommendation will be made regarding any additional funding or changes in project financing.
- Major water improvement projects include the Bonde Zone/ Ruby hill Pipeline Loop (\$300,000), installation of a pressure reducing valve for the hillside areas adjacent to I-680 (\$265,000), an upgrade to computer equipment to monitor water and sewer activity (\$390,000) and improvements to the Foothill (\$225,000) and McCloud (\$275,000) water tanks.
- A total of \$1,000,000 for an upgrade to the S-6 Sewer Pump Station in 2006/07 and upgrade to Sewer Pump Station S-5 (\$920,000).
- A total of \$1,200,000 is included during the four years of the CIP for annual sanitary sewer main replacement and improvement projects at various locations as determined by City staff.

## **V. UNFUNDED PROJECTS**

Included in this CIP is a listing of unfunded projects. As presented in this CIP, unfunded projects are those projects which do not have adequate funding, which are of lesser priority than funded projects, which are not currently ready for funding or projects that have master plans and other studies underway to determine the full scope of the project. As a result, designating a project as unfunded does not necessarily indicate the importance of the project, but rather indicates available funding sources or the current status of the project.

In past CIP's, the unfunded projects listing included all "reserve" and "partially funded" projects. However, this has created some confusion as a project, such as the Bernal Property Improvements Reserve, appeared in both the funded and unfunded sections. As a result, the unfunded section includes only those projects that do not have funding rather than those with partial or no funding. In addition, this CIP does not prioritize unfunded projects.

## **VI. CONCLUSION**

This CIP presents a wide range of street, parks, utility and public facility projects that will address many community interests and needs. However, the City is currently involved with significant planning activities that will potentially place a heavy emphasis on prioritizing, scheduling and funding a range of new projects that will impact future CIP's and the City Operating Budget. As an example, a listing of major projects currently being studied, planned, or designed include the following:

- Acquisition of Additional Downtown Parking
- Additional Lighted Sports Fields
- Alviso Community Park Construction
- Aquatic Center Expansion and Renovation
- Bernal Property Grand Meadow Construction
- Civic Center Master Plan
- Cultural Arts Complex
- Firehouse Arts Center Construction
- Library Expansion or Construction of a New Library
- Outdoor Amphitheater
- Youth/Community Center Construction
- Veteran's Memorial Building Remodel

This list will ultimately be augmented with the major street, utility and major remodeling and maintenance projects for existing facilities, such as the Gingerbread Preschool and Amador Theater, that will need to be addressed as the City strives to meet community expectations. In addition, with the exception of new cultural arts facilities, the facilities listed above will not generate any significant revenue needed to address the operations of these facilities unless the Council adopts new cost recovery policies that deviate significantly from current practice.

Many of the facilities listed above developed quite recently primarily out of the acquisition of the Bernal Property and in an attempt to address community interests. While the development of these facilities represents an exciting challenge for the community, previous financial planning efforts designed to meet long term community CIP needs did not anticipate many of these improvements, and as a result, financial planning tools put in place previously will provide only limited funding that will be inadequate to fully fund these projects.

While staff and previous Councils have taken a conservative approach in developing and financing this and previous CIP's, this approach may not be ideal for future CIP's which may require new revenue sources, including potentially the issuance of general obligation bonds, to fully finance these projects. As a result, staff anticipates that additional financial analysis and an increased emphasis in developing priorities and phasing of facility improvements will be necessary as we move from the concept phases to the planning phases for these facilities.

Staff is confident that this plan addresses the City's current capital improvement requirements and through the collective efforts of the Council and the community, these future challenges will be met in a way that maintains the high quality of existing streets, facility and utility infrastructure and allows for the development of new facilities in a cost efficient and effective manner.