

CITY OF
HAYWARD
HEART OF THE BAY

April 16, 2009

Honorable Mayor and City Council:

This letter serves to transmit the Ten-Year Capital Improvement Program (CIP) for your consideration. The City Council will review this document during a work session in May. Beforehand, the Planning Commission will have reviewed the document for conformance with the General Plan.

The draft before you contains description sheets for each current project, as well as identified future projects. In addition, an overview of program changes is offered in the "Project Changes and Modifications" section beginning on page 14.

As was noted in last year's transmittal letter, staff was directed to prepare a ten-year CIP for your review this year. Therefore, the CIP submitted for your consideration covers fiscal years 2010 through 2019. By allowing for a much longer-term view, Council and City staff can better anticipate and address various needs throughout the community. Because of present economic conditions, very little unrestricted funding is available, however, within existing funding constraints, the FY 2010 CIP continues to allocate resources to address Council's priorities, especially as they pertain to improving the attractiveness and safety of neighborhoods.

As we are all keenly aware, the ongoing, severe recession is negatively impacting and constraining staff's ability to provide even the most basic services to the community; much of the same is occurring with staff's ability to address needed improvements to the City's infrastructure. For example, the loss of Gas Tax and sales tax revenue has led to significant reductions to the number and scope of paving projects. In the case of the Gas Tax Fund, the deferral of funds by the State to cities for the second half of FY 2009, when joined together with a shrinking revenue stream, has led to the elimination of pavement rehabilitation work from that account for this year, and the future is still uncertain. However, as the economy improves, staff will make every effort to restore such projects to pre-recession funding levels.

In spite of these difficulties, staff has been able to restructure efforts to address Council's priorities. One example of that success has been the Neighborhood Improvement Project. As a result of numerous and frequent meetings of representatives from both the City and the various neighborhoods, significant changes are occurring. New speed control measures (such as speed lumps), improved lighting, and other items have all been implemented, much to the praise and support of the residents in each neighborhood. Our efforts in this area are expected to expand during FY 2010 as more neighborhoods are involved. The City's appearance is expected to

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improve, with several projects aimed at improving landscaping and the overall appearance of the City. The Median Landscaping Improvement Project was created during FY 2009 using funding transferred from the Route 238 Trust Fund and several smaller landscaping projects are already underway. It is expected that work in this area will continue during FY 2010, with several larger-scale projects planned for medians along major thoroughfares. In the Gas Tax Fund, a project added last year to purchase and implement software to better maintain and keep track of the City's urban forest has been expanded through a successful grant application.

Some of the landscaping improvements, as well as the Neighborhood Improvement Project, are budgeted out of the City's Capital Improvement Fund. In better economic times, this fund would have received moneys transferred from the General Fund. However, while this fund currently has a positive fund balance, much of that is from a developer donation to fund planning and design for a new library, continued funding for these neighborhood projects is contingent on two remaining revenue sources; the construction tax on new dwelling units, and two surplus land sales. Construction tax is down as a result of the collapse of the housing market, and surplus land sales have also been affected by the housing meltdown. Our future-year forecasts have been lowered and, as a result, the Neighborhood Improvement Project has been reduced to \$50,000 per year. Regarding surplus land sales, the developer for the "A" Street and Burbank parcel forfeited his deposit and backed out of his purchase contract with the City. Fortunately, the Redevelopment Agency will be purchasing this parcel to pursue a low income housing development. The second sale of a portion of Traynor Avenue has been delayed because the developer has backed out, although the property owner wants to extend the Tentative Map in hopes that it can be pursued once the economy turns around. This uncertainty, paired with less-than-expected receipts from construction tax during the next few years, may dictate that funding be further reduced for these projects or transfers to the new Service Funds be pared down to match revenues.

As noted in last year's transmittal letter, the City continues to make progress towards the design and construction of a new library. The preliminary design is scheduled to be completed and reviewed by the Council and the community during FY 2010. With the planned donation of \$10 million from Calpine and \$5 million from Salem Communications, the City should be in a good position to establish a funding foundation from which to pursue bond or alternate funding for construction of the new library.

Even with the financial constraints facing the City, staff was able to design and construct numerous projects that have served to improve the City's infrastructure and support livable neighborhoods. During FY 2009, the City invested over \$2.8 million in constructing or rehabilitating the City's system of sidewalks and wheelchair ramps. Consistent with the expanded, 10-year timeline for the CIP, staff has been able to better forecast and allocate funds for future areas of need. All told, the amount of funding dedicated to sidewalk improvements will total \$13.5 million for the ten-year period, allocating \$9.5 million for rehabilitation and \$4 million for construction of new sidewalks. The construction of new sidewalks is a relatively new program that provides for the installation of new sidewalk along roadways that are near schools or are along heavily traveled pedestrian thoroughfares. In addition to improving sidewalks, staff continues to dedicate approximately 15 percent of each sidewalk rehabilitation project towards installing trees or improving the landscaping in the project area. The final program utilized to create and maintain livable neighborhoods is the installation of ADA-accessible sidewalk ramps

throughout the City. From FY 2010 through FY 2019, the total budget for this work will exceed \$1.2 million. These and other expenditures designed to benefit and encourage pedestrian and other non-vehicular activity are highlighted in the Livable Neighborhoods section of the CIP.

As noted earlier, due to declines in revenues derived from Gas Tax and sales tax distributed through Measure B, the City has struggled to maintain the number of street-related improvement projects. Additionally, due to the State's continuing budget crisis, the Governor declared a fiscal emergency. As part of this emergency, the State will withhold Gas Tax payments to cities and counties from February through July with planned repayment in September and October of this year. City staff has evaluated both revenues and expenditures within this fund and have developed a contingency plan that will delay the third and fourth quarter transfers of Gas Tax revenue to the General Fund from FY 2009 to FY 2010.

However, City staff continues to diligently utilize all available funding to target those sections of the City that have the greatest need for pavement rehabilitation or reconstruction. During FY 2009, approximately \$10 million was committed to such projects. Two funding sources of significance in FY 2009 included receipt of over \$2 million in American Recovery and Reinvestment Act funds for rehabilitation of local streets and roads, and \$2.2 million from our second increment of Proposition 1B funds. Over the next 10 years, it is expected that expenditures for pavement rehabilitation will exceed \$38 million. Much of the funding for the "out" years of the CIP is provided through State-related sources, specifically, Proposition 42 monies. The ongoing infusion of Proposition 42 funds in the coming years allows for the addition of more pavement-related projects in the Street System Improvements Fund, thereby lessening the reliance on Gas Tax to properly maintain the City's streets when needed.

One of the major street rehabilitation projects scheduled for FY 2009 and FY 2010 involved street improvements in the Old Highlands Homeowners Association (OHHA) neighborhood of Hayward. The project was dependent on homeowners' approval of an assessment district; however, a vote was taken in early FY 2009, and the residents in the association overwhelmingly decided not to form an assessment district at this time, thereby eliminating the project from the CIP.

Outside of the City's commitment to the betterment of its roadways and pedestrian routes, there are two major transportation-related projects scheduled for completion within the next several years. The largest single project in the CIP is the Route 238 Corridor Improvement Project. Currently, staff is actively acquiring right-of-way and is on schedule to garner the needed parcels by mid FY 2010. During the latter part of FY 2010, the project will be advertised and construction will commence on the project. Construction is expected to take two and a half years, with an anticipated completion date of late in FY 2012.

Design work continues on the first phase of the 880/92 Reliever Route project, which includes construction of the West "A" Street and Whitesell Street extensions. The schedule, particularly for West "A" Street, is being impacted by the need to address Airport Runway Safety Area requirements and associated environmental issues. When construction is completed by FY 2013, the project is expected to cost approximately \$25 million; funding for this project will be wholly provided through Measure B funds administered by the Alameda County Transportation

Improvement Authority (ACTIA).

Due to the expanded, ten-year planning horizon for the CIP, there have been significant additional Utilities-related expenditures reflected in the CIP. A comprehensive plan has been developed to address needs pertaining to the Water Pollution Control Facility (WPCF), Sewer Collection System, and Water Distribution System. The CIP includes improvement and replacement projects to ensure that the water and sewer infrastructure needed to deliver critical utilities services is reliable, efficient, and appropriately sized to meet the needs of the community.

Noteworthy near-term wastewater-related projects include WPCF Phase II Improvements that will convert an existing gravity thickener to a new primary clarifier and enclose the effluent channel. Design of Phase II will get underway in FY 2010, with construction planned for the following year. Beginning in FY 2011, work is scheduled to begin on the replacement of an existing trickling filter that is inefficient and does not meet current seismic standards. This project is also part of the WPCF Phase II Improvements.

The Sewer Collection System will undergo several pipeline improvements. In the later years, many of the projects center around updating technology to most efficiently monitor and maintain facilities, and implementing preventative maintenance and cleaning schedules to keep the facilities operating at optimum efficiency. In order to keep pace with changing conditions, the CIP includes updates to the WPCF Master Plan and the Wastewater Collection System Master Plan in FY 2010 and FY 2014, respectively. Funding is provided to implement recommendations that will result from these planning efforts.

Major water system projects in the near term focus on the replacement and renovation of existing water storage reservoirs to increase storage capacity and improve structural reliability. In FY 2010, construction is expected to start on replacement of the existing one million gallon (mg) Highland 1000 Reservoir off of La Mesa Drive with a new 2.2 mg structure to address a storage deficiency. In addition, the Highland 250, D Street, and Maitland reservoirs are currently scheduled to undergo seismic upgrades during FY 2010 and FY 2011. In future years, projects to replace the existing 1 mg High School Reservoir, located above City Center Drive, with a 3 mg facility and to construct an underground reservoir on Hesperian Blvd have been added. Various water main replacement and improvement projects are included to ensure that system capacity requirements are achieved and that facilities are maintained for optimal operating efficiency. As with the wastewater system, a Water System Master Plan Update is recommended in FY 2012 to evaluate the system in view of current conditions and the improvements made in recent years, with additional funding proposed for projects that will be recommended in the Update.

In addition to normal improvement and replacement projects, the CIP identifies resource efficiency opportunities within the Utilities systems. Projects to evaluate the potential of wind power and to construct solar panels at the WPCF will enable the facility to draw a significant amount of needed energy from alternative “green” sources. Also, the Solar Feasibility Study being conducted for the WPCF will be expanded next year to include looking into the feasibility of a much larger solar project, perhaps 10 megawatts, that could potentially be located over the existing storage ponds. If feasible, a funding source would need to be identified and such a facility would become a seller of green energy since it exceeds the treatment plant’s requirements. In addition, if construction of the

Russell City Energy Center goes forward, a project will be implemented at the WPCF, in cooperation with Calpine, to produce tertiary treated wastewater and a distribution system to deliver the excess tertiary treated recycled water to nearby sites for use in landscape irrigation and some industrial processes. In the area of water conservation, funding is continued for City rebate programs for residents and businesses to replace existing fixtures, such as toilets, with high efficiency models that exceed the fixture efficiency currently approved by the State Plumbing Code. A new project is proposed to construct a water-efficient demonstration garden, along the walkway connecting City Hall to BART. The project will replace existing turf and non-native plants with low water-use and native plant materials, incorporating Bay Friendly landscape practices and integrated pest control.

In order to raise the needed capital for many of the wastewater-related projects above, Utilities staff has developed a plan that includes grants, low interest loans from the State's Clean Water Revolving Fund, and use of Fund reserves. Below is a table that summarizes the low-interest loan and grant monies expected to be available and pursued for City projects.

Project/Funding Source(s)	Amount	Year	Repayment Source(s)
Solar Project <ul style="list-style-type: none"> • PG&E Grant • Economic Stimulus Grant/Low Interest Loan 	\$1,600,000 \$6,400,000	2010 2010	<ul style="list-style-type: none"> • None None if grant; Wastewater Fund if loan (from energy cost savings)
WPCF Phase II Improvements <ul style="list-style-type: none"> • Low-interest SWRCB SRF Loan 	\$10,800,000	2011	<ul style="list-style-type: none"> • 50% from Wastewater Improvement Fund 613 • 50% from Water Pollution Control Facility Replacement Fund 616
Recycled Water Facilities <ul style="list-style-type: none"> • SWRCB Construction Grant • Low-interest SWRCB SRF Loan 	\$1,800,000 \$6,400,000	2012 2012	<ul style="list-style-type: none"> • None • 50% from Wastewater Improvement Fund 613 • 50% from Water Improvement Fund 622
Final Clarifier <ul style="list-style-type: none"> • Low-interest SWRCB SRF Loan 	\$1,700,000	2018	<ul style="list-style-type: none"> • 50% from Wastewater Improvement Fund 613 • 50% from Water Pollution Control Facility 616

The Airport Fund has benefited by the 10-year planning horizon for the CIP in that all of the 2002 Airport Master Plan projects have been programmed based on assumed funding levels from the FAA and increased revenue from the growth of on-going operations at the Airport. Development at the Airport is certainly one of the more positive economic trends for the City,

and staff is aggressively pursuing opportunities to maximize that trend. The project plans are also consistent with requirements identified in the updated Airport Layout Plan, which should be finalized by the end of FY 2009. One critical safety project identified by the FAA is the enclosure of portions of Sulphur Creek near the main runway to reduce the potential of bird strikes. This project also has to address any mitigation associated with closing in the channel. As noted, most of the major projects are based on the approved Airport Master Plan and involve necessary improvements to taxiways and other aviation facilities. One such project is the realignment of Taxiway Zulu, which is expected to cost approximately \$3.2 million and is programmed for FY2013, but staff is hopeful that, because it is designed, it may be funded by FAA in FY 2010. The renovation of the airfield's lighting and markings is slated to occur in FY 2014, at a cost of \$2.2 million. The total amount of investment at the Airport from FY 2010 through FY 2019 is approximately \$21 million, with much of the funding for these projects coming from projected Federal Aviation Administration (FAA) grants under the Airport Improvement Program as well as transfers from the Airport operating fund.

The Internal Service Fund for Facilities, which was implemented this fiscal year, is utilized to exclusively address the improvements and upkeep of many of the City's older buildings, such as the Police Department and various fire stations. Some of the more prominent projects in this fund include HVAC upgrades, roof repair and replacement, and the replacement of flooring and carpet at various City facilities. The indicated project list is dependent both on the transfer from the Capital Improvement Fund discussed above and the ability to implement Facility Charges beginning in FY 2011 from the General Fund and other supported departments. Unfortunately, there presently is no source of funding for most major facility requirements, such as replacement of Police Headquarters or fire stations. These projects are all shown in the Identified Capital Needs section.

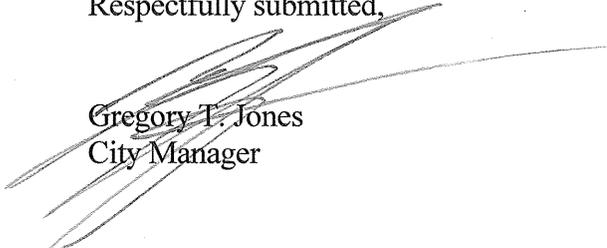
Another newly-established internal service fund addresses the aging information technology infrastructure at the City's facilities. During FY 2009, many of the City's desktop computers were replaced with newer, more efficient models, with more replacements to occur through FY 2012. This fund will also serve to replace other items, such as network servers and public safety mobile units, as well as other business technology needs. As with the Internal Service Fund for Facilities, the indicated project list is dependent both on the transfer from the Capital Improvement Fund discussed above and the ability to implement Information Technology Charges beginning in FY 2011 from the General Fund and other supported departments. Also, as with facilities, there are major technology requirements from the FY 2008 Technology Strategic Plan, such as a new Enterprise Resource Planning (Finance) system and Public Safety CAD/RMS system, that are all shown on the identified needs list.

The last section of the CIP is the Identified Capital Needs section and it has also been revised. The list previously only included projects identified in official city documents such as the Circulation Element, Neighborhood Plans, Landscape Beautification Plan, Airport Master Plan, and Technology Strategic Plan. This year, those department requests, primarily for needed major facility replacements and facility improvements that cannot be addressed because of funding, also have been included in the Identified Capital Needs section. Also, a new section has been added to identify the 10-year capital requirements associated with needed vehicle fleet replacement. There is a significant challenge in funding this need. Next year's CIP will include an internal

service fund for vehicle replacement. Finally, previously listed needs addressed in the CIP are appropriately annotated and will be dropped from future lists.

As was the case last year, the projects contained in the CIP reflect a concerted effort to focus on the needs of the community, as well as the stated priorities of the City Council. There certainly will be more challenges as we proceed, especially in addressing the City's own facility, equipment, and information technology unfunded needs. While the economic downturn has hindered staff's ability to address all of the City's needs, with the CIP timeline extended from five to ten years, a much clearer picture has developed as how to best allocate financial resources in the coming years to address the most critical issues facing the City, the community, and the Council. Attached to this letter is a summary of the key assumptions (Attachment A) that were used in preparing the Ten-Year CIP. The staff and I look forward to discussing projects and issues embodied in this capital plan.

Respectfully submitted,



Gregory T. Jones
City Manager

Attachment A – Assumptions

ATTACHMENT A

FY10 Ten-Year Capital Improvement Program Working Assumptions

1. Interest Rates: Rate of return on existing fund balances - 1% for FY10, 2% for FY11 & FY12, 3% for FY13, and 4% for FY14-FY19. Projected interest rate on City borrowing - based on current market information - 4.0% per year.
2. Construction Inflation Rate: 1% per year.
3. Monies received from Gas Tax, which includes Proposition 111 (Gas Tax), have been escalated by 1% for FY10 through FY19. Transfers to the General Fund from the Gas Tax Fund to support eligible expenditures for FY 10 will again be increased compared to historic levels by \$750,000 to \$2,111,000. Actual FY10 total transfer will amount to 3,166,000, with the additional \$1,055,000 due to the deferral of Gas Tax by the State from FY09 which will be received during FY10.
4. As noted in Assumption 3, transfers of Gas Tax Fund monies to the General Fund will increase by \$750,000 in FY10, after eliminating this increase to the transfer in FY11, future years of the transfer to the General Fund will increase by 1% per year, resulting in a transfer of \$1,493,000 in FY19.
5. Based on sales tax projections provided by the City's Finance Department, anticipated revenue from the Measure B program is assumed to be \$1,615,000 in FY10 and \$1,599,000 in FY11 (a decrease of 7% and 1%, respectively); future increases are estimated at 3% in FY12 through FY19.
6. Monies received from the Measure B Non-Motorized Fund for pedestrian and bicycle improvements are assumed to be \$346,000 in FY10 and \$342,000 in FY11 (a decrease of 7% and 1%, respectively); future increases are estimated at 3% in FY12 through FY19.
7. Due to the economy and the corresponding lack of development, revenue from the Construction Improvement Tax is expected to remain at FY09 reduced levels next year at \$100,000. Gradual increases are expected FY11 through FY13, at which time revenues are assumed to have returned to previous level of \$250,000.
8. Maintain \$500,000 transfer per year from the Route 238 Trust Fund to the Street System Improvements Fund in FY10 through FY19 to support the New Sidewalk Program and the Median Landscaping Improvement Project.
9. Originally, the City was expected to receive its full share of monies from Proposition 1B over two fiscal years (FY08 and FY10); while the first portion of funding was received during FY08, the City was able to apply for and receive its second allotment in FY09, or one year earlier than expected. The amount received during FY09 was \$2,198,000.

10. As noted last year, the Governor's Traffic Congestion Relief Program (TCRP) established under Proposition 42 was suspended during FY08 but funded once again during FY09 at an annual amount of \$1.42 million; funds received under this program are expected to be slightly less during FY09, or \$1.36 million, and then will increase slightly to \$1.41 million during FY10. Thereafter, the budget assumes a level of funding of approximately \$1.5 million; monies received under this source will be applied towards street maintenance projects.
11. In a continuing effort to reduce General Fund expenditures, the reduced transfer of \$220,000 will be eliminated in FY10, but continuation of the \$350,000 per year transfer from the General Fund to the Transportation System Improvement Fund in FY11 through FY19 is assumed and provides funding for transportation projects.
12. Although not shown as a specific project since PG&E will fund the work, use of an estimated \$6.2 million in Rule 20A monies allotted to the City will allow for completion of the undergrounding of utilities on Mission Boulevard from Sycamore Avenue to Arrowhead Way which will be completed as part of the Route 238 Corridor Improvement Project. Also included in the Rt 238 Corridor Improvement Project will be undergrounding of Watkins Street and Fletcher Street to complete undergrounding in the downtown area. Based on Rule 20A allocations to date, it is projected that these projects will use our allocation through the year 2012.
13. Planned transfers from the sewer and water operating funds to the capital funds allows for critical capital projects identified in the Sewer and Water System Master Plan Updates, plus the Water and Sewer Seismic Study, to be accomplished.
14. Continued transfers from the Airport Operations Fund provide funding for Airport Capital Improvement Projects identified in the Airport Master Plan and Updated Airport Layout Plan.
15. Transfer of \$403,000 from the Capital Improvement Fund will be available to provide initial funding for the Facilities Internal Services Fund. Facility Charges against operating budgets will provide \$30,000 in FY11, \$80,000 in FY12, increasing by 3% per year to \$98,000 in FY 19 to provide minimum ongoing funding source for the Facilities Internal Service Fund.
16. Transfer of \$500,000 from the Capital Improvement Fund will be available to provide initial funding for the Technology Services Internal Services Fund. Information Technology charges against operating budgets will provide \$80,000 in FY12, increasing by 3% per year to \$98,000 in FY 19 to provide minimum ongoing funding source for the Technology Services Internal Service Fund.
17. The Program reflects expected cash flow in future program years and Council appropriations carried forward in the current year.

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*CAPITAL
IMPROVEMENT
PROGRAM
SUMMARY*

CAPITAL IMPROVEMENT PROGRAM SUMMARY

CIP OVERVIEW AND PROCESS:

The Capital Improvement Program (CIP) is a planning document for the upcoming ten-year period, and is a separate and distinct document from the City's operating budget. However, to better coordinate it with the two-year operating budget process, a comprehensive CIP process only occurs every other year. In the second year, no new projects are added to the program except in unusual circumstances, the first two years of the program are updated, and the review process is abbreviated. The CIP contains revenue and expenditure estimates for public infrastructure projects (street construction and improvements, sewer and water systems upgrades), seismic retrofitting of public facilities, airport projects, replacement of major equipment, and other miscellaneous projects. The CIP does not actually fund projects; a capital budget is adopted annually by the City Council to authorize spending on the projects represented in the CIP.

The City of Hayward's capital program is supported through a variety of funding sources. A large portion of the projects in the CIP are in restricted-use funds, such as the Gas Tax, Measure B, and enterprise (e.g., Sewer, Water, and Airport) funds. In years in which the General Fund is able to support capital projects, it provides a source of revenue for general capital needs. In addition, City staff has been successful in recent years in obtaining capital projects financing from outside funding sources such as state and federal grant programs.

During a comprehensive CIP process, revenue estimates are projected by staff, and capital project requests are submitted by City departments for evaluation by an internal capital infrastructure review committee. The recommended Ten-Year Capital Improvement Program is compiled and presented to the Planning Commission for conformance with the General Plan, to the City Council Budget and Finance Committee and then to the full Council at a work session. A public hearing at which the public is invited to comment on the proposals in the CIP is conducted at the same time as the operating budget public hearing. The capital spending plan for the upcoming year is adopted by the Council by resolution along with the operating budget. Capital projects are budgeted on a life-to-date basis, and modifications are made to the CIP when additional funds become available or expenditure projections are refined.

FY10 CAPITAL IMPROVEMENT BUDGET:

The City of Hayward's FY10 capital budget totals about \$58 million, with approximately \$339 million programmed for the period FY10 through FY19. The CIP also includes a list of additional identified capital needs, which for the current period totals about \$189 million.

The Capital Improvement Program contains 18 funds in which projects are funded and programmed: Gas Tax (210), Measure B - Local Transportation (211), Measure B - Pedestrian & Bicycle (212), Capital Improvement (410), Street System Improvement (413), Transportation System Improvement (420), Route 238 Trust (430), Redevelopment Tax Allocation Bonds (454), Redevelopment Projects (455), Sewer Capital Improvement (613), Sewer Collection Replacement (614), Water Pollution Control Facility Replacement (616), Water Capital Improvement (622), Water System Replacement (623), Regional Water Intertie Capital (627), Airport Capital (632), Facilities Internal Service (721) and Technology Services Internal Service (726).

Major project expenditures in the FY10 capital budget, not previously identified, include the following:

* Pavement Rehabilitation FY11 (210)	1,000,000
* Pavement Rehabilitation FY12 (210)	1,000,000
* Pavement Reconstruction FY11 (211)	800,000
* Pavement Rehabilitation FY11 (211)	700,000
* Sidewalk Rehabilitation Project FY11 - Districts 2 and 3 (413)	900,000
* Sidewalk Rehabilitation Project FY12 - Districts 6 and 9 (413)	900,000
* WPCF Administration Building Renovation and Addition (613)	1,000,000
* Solar Power Design and Construction (613)	8,000,000
* Recycled Water Treatment and Distribution Facilities (613)	9,900,000
* WPCF Master Plan Update and Improvement Projects (613)	2,500,000
* Storage Ponds Evaluation and Rehabilitation (613)	4,500,000
* New Final Clarifier (613)	7,900,000
* Sewer Collection System Master Plan Recommendations (614)	2,500,000
* WPCF Master Plan Recommended Replacement Projects (616)	2,500,000
* Water System Master Plan Improvement Projects (622)	2,500,000
* Groundwater Management Plan Modeling & Implementation (622)	3,000,000
* Underground 2MG Reservoir at Hesperian Site (622)	5,000,000
* Water System Master Plan Replacement Projects (623)	2,500,000
* Sulphur Creek Improvements – Design & Construction (632)	3,250,000
* Potential Runway Safety Area Improvements (632)	2,400,000
* Realignment of Taxiway Zulu (632)	3,200,000
* Renovation of Airfield Lighting and Markings (632)	2,200,000
* Relocate West End Access Road and RWY 10R Holding Area (632)	700,000

Major continuing project expenditures in the FY10 capital budget include the following:

* Sidewalk Rehabilitation FY10 – Districts 1 and 8 (413)	900,000
* Carlos Bee Realignment (413)	1,026,000
* 880/92 Reliever Route Project – Phase I (413)	1,325,000
* Mount Eden Annexation Improvements, Phase II (413)	6,900,000
* Pavement Reconstruction - Eden Landing Way, Lincoln, and San Luis Obispo (413)	1,160,000
* Route 238 Corridor Improvement Project: Design and R-O-W Acquisition (430)	13,000,000
* Dixon Area Sewer Improvement Project (614)	950,000
* Highland 1000 Reservoir Replacement (623)	3,544,000
* Main Replacements – Jackson, Mission, Pontiac, Meek, Glade, Winton, Grand (623)	1,246,000

OPERATING BUDGET IMPACTS

In developing the CIP, the impact of new projects on the operating budget is considered, although formal analysis of potential direct and indirect costs is not performed. However, the informal method of addressing the need for this information is in the form of general notations, which are included on the project description pages of those projects known to have impacts on the operating budget. Many of the capital projects listed above will likely have minimal operations and maintenance impacts on the operating budget. In fact, the introduction of new infrastructure into the City's systems can be expected to result in long-term savings due to decreased maintenance requirements associated with older infrastructure.