

**City of Livermore**  
**CAPITAL IMPROVEMENT BUDGET**  
**Fiscal Years 2012-2014**

**Reader's Guide**

Understanding a municipal budget and its specialized terminology can be a challenging exercise. This Reader's Guide has been developed for you to make review of the City of Livermore's Fiscal Year 2012/2013 and Fiscal Year 2013/2014 Capital Improvement Program Budget (CIP) easier. It highlights the type of information contained in this document, describes some of it in detail, presents a glossary of commonly used budget terms, and gives directions for locating additional budget information.

**A. CAPITAL INVESTMENT PROGRAM PLAN**

This Fiscal Year 2012/2013 (FY 12/13) and Fiscal Year 2013/2014 (FY 13/14) CIP Budget contains valuable information concerning Livermore's planned infrastructure investments over a twenty-year time frame. Specific appropriations are made for FY 12/13 and FY 13/14, with information on intermediate range plans over a 4-year period and long range plans in "out years" included for reference. This section:

- explains what Livermore's CIP Budget is;
- explains how citizens can get involved;
- explains how the CIP and the City of Livermore's Operating Budget are related;
- tells where to locate specific types of information within this document;
- explains how to interpret the financial and project data contained on "CIP Project Description" pages and in other summary tables.

**What is Livermore's CIP Budget?**

Livermore's CIP Budget presents a schedule of major public facility improvements that will be implemented over the next 20 years. Specific appropriations are included for FY 12/13 and FY 13/14, with intermediate planning over a four-year time horizon. Long range planning for a 20-year time horizon is also included. Project design, land acquisition, construction costs, and projected means of financing these costs are integral components of this budget. The projects included in the FY 12/13 and FY 13/14 CIP Budget were derived from a number of sources including the General Plan, the City Council adopted utility master plans, other formal long-range plans that have been adopted by the City Council, input from residents and business owners, commissions, and recommendations of the City Council. This process ensures that the CIP is responsive to the officially stated direction of the City Council as contained in the General Plan and supporting documents.

This CIP Budget shows those major public improvements that are viewed as most urgently needed within the next two years and which can be funded from available income sources, as well as "build-out" infrastructure funded by development impact fees. Projects are organized into program areas including:

- Airport
- Downtown Revitalization

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- Golf Course
- Miscellaneous
- Parks and Beautification
- Public Buildings
- Public Safety
- Storm Drain
- Street Maintenance
- Traffic Control
- Trail, Bike & Miscellaneous Street
- Transportation Infrastructure
- Underground District/Rule 20 A
- Wastewater
- Water
- Infrastructure/Rehabilitation
- Project Fund Transfers

**How Interested Parties Can Get Involved in the CIP Budget**

The City of Livermore strives to create a CIP Budget that truly responds to the needs of our community. Citizens, community groups, businesses, and other interested parties can maximize the attention and consideration paid to their suggestions by working with staff to wrap those suggestions into major City planning processes. Projects and policies are continually monitored and modified by updates to long-term plans, usually via a public process with associated City commissions. Input is especially desired in the following areas:

1. General Category Priorities

What project categories are of highest priority to you? Do you think additional funding should be allocated to these categories?

2. Specific Project Priorities

Which specific projects are most important? Which projects are of low priority?

3. Financing

What are your ideas on how the CIP should be funded? Do you have comments on revenue sources that should or should not be used to fund capital investments?

There are a number of ways that interested parties may provide this information. They can testify at public hearings, attend neighborhood meetings presented by staff on major

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projects, write letters, telephone, or e-mail specific staff members, and/or make personal contact with staff or individual Councilmembers.

**The Role of the CIP in the Operating Budget Process**

The CIP Budget identifies capital costs for public facility and infrastructure projects. Funding for capital projects from the General Fund, enterprise funds, and City discretionary funds is also reflected in the City's operating budget.

Beginning in year 2000, the CIP and operating budget processes were consolidated so that the City Council could better understand the interrelationship of the capital and operating budgets when making capital and operating funding decisions.

**CIP Budget Content**

This FY 12/13 and FY 13/14 plan is one of 2 volumes of the City's FY 12/13 and FY 13/14 Budget. The CIP components are described in the following sections of the second volume of the budget documents:

***TABLE OF CONTENTS – Section 1***

***CAPITAL IMPROVEMENT PROGRAM BUDGET READER'S GUIDE –  
Section 2***

This section explains what Livermore's CIP Budget is, how stakeholders can get involved, how the CIP and the City's operating budget are related, where to locate specific types of information, basic terms used in the CIP, and how to interpret the data contained in the project description pages.

***EXECUTIVE SUMMARY AND REPORTS – Section 3***

This section provides information on resources and expenditures for projects funded in the FY 12/13 and FY 13/14 CIP Budget. Text, tables, and graphics are used to display resources, project costs, and other pertinent information. Additionally, the resolution approving the capital budget, the Planning Commission staff report on the Consistency Determination of the capital improvement program with the General Plan, and the Planning Commission's approving resolution for the Consistency Determination are included with the accompanying staff reports.

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***PROJECT REVENUE/PROJECT EXPENDITURES/FUND BALANCES – Sections 4 - 6***

A variety of funding sources are used to fund the capital improvement program. Many capital improvement projects are funded from a variety of funding sources. Examples include Developer/Outside Agency contributions; Local User fees such as State Gas Taxes, Measure B, Airport, Water, Sewer and Solid Waste & Recycling fees; Local Developer Impact fees such as the Traffic Impact, Wastewater Connection Fee, Water Connection Fee, Low Income Housing and Storm Water Impact Fees; Federal and State Grant funds, borrowed funds through such mechanisms as Certificates of Participation and General Funds. Each fund is accounted for as a separate entity. A description of major revenue sources with projected and past revenues is provided in Section 4. A summary of all projects listed by fund source and by department program is provided in Section 5. A chart showing a listing of all fund names and fund balance summaries are included in Section 6.

***PROJECT CATEGORY SECTIONS – Sections 7 - 23***

These sections contain CIP Budget detail and project description pages for each of the capital improvement projects. The text preceding each project category section explains the features typically included within that project category. Additionally, a summary chart showing total category expenditures is provided. The fifteen project category sections are:

- Airport
- Downtown Revitalization
- Golf Course
- Miscellaneous
- Parks and Beautification
- Public Buildings
- Public Safety
- Storm Drain
- Street Maintenance
- Traffic Control
- Trail, Bike & Miscellaneous Street
- Transportation Infrastructure
- Underground District/Rule 20 A
- Wastewater
- Water

Sections 22 and 23 cover infrastructure/rehabilitation projects and project fund transfers, respectively.

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***PROJECT INDEX – SECTION 24***

As a guide in finding detailed information on individual capital improvement projects, two listings of all the capital improvement projects are provided. The first is an alphabetical list of projects by name with a reference to that project's summary information sheet page number. The second listing is projects given by project number with a reference to that project's summary information sheet page number.

**Organization of Materials Within Project Category Sections**

Each of the project category sections (7 through 23) is organized in a consistent way and has the following content and order of presentation:

1. Introductory Comments – Summary comments about the project category (program).
2. Programmed Project List – CIP Project numbers, project names, and expenditures for all currently programmed capital projects within the project category.
3. Project Map – project locations are indicated on a map for each category.
4. Project Description Pages – detailed project information including the budget and schedule for each project in the category. Maintenance and Operation costs are shown for all new infrastructure projects.

**How to Read CIP Project Description Pages**

Project description pages have been created for each of the projects in the FY 12/13 and FY 13/14 Capital Improvement Program Budget. In addition to a table showing funding sources and expenditures within each planning time frame, additional project information is provided. The following is a description of each of the additional categories on the project description pages:

**CAPITAL PROJECT NUMBER:** The number assigned to the project which remains the same for the project plan's duration is presented here.

**CAPITAL PROJECT NAME:** The name of the project being described is identified here.

**GASB34:** For GASB34 tracking purposes the project is described here as capital asset, repair and maintenance, non-City project, non-capital project, land held for resale, study-not related to project, individual item under threshold, or partial City ownership.

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**PROJECT MANAGER/LEAD:** The lead City department preparing the proposed budget request for the Capital Improvement Program Budget.

**PROJECT LOCATION:** The general location of the project is described here.

**DEPARTMENT/PROGRAM:** The general program category of project is shown here.

**M&O COSTS:** Maintenance and operation costs are shown for those projects classified as "Capital Asset" and budgeted in either FY11/12, FY12/13 or FY13/14.

**PROJECT STATUS:** The status of the project is listed here. Projects are either not started, preliminary design, final design, in progress, or completed.

**PROJECT DESCRIPTION:** A paragraph describing the major physical features included in the project design, describing special funding sources, and grant deadlines (when applicable) for completing project milestones.

**PROJECT JUSTIFICATION/BENEFITS:**

This paragraph provides an explanation of why the project is important to the community and should be programmed and/or funded and explains the benefits that the community will derive from having this project completed. Additionally, this paragraph explains why projects funded in the current 2-year budget period were prioritized for immediate funding rather than being programmed in future years as lower priority projects.

**B. GLOSSARY**

The following are definitions of some of the more common terms one may encounter in reviewing this document.

**ACCRUAL BASIS**

A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

**AGENCY FUNDS**

Agency funds are used to account for assets held by the City acting in a fiduciary capacity for other entities. The City serves as the agent between bondholders and the assessed taxpayer.

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APPROPRIATION

A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. For operating fund budgets, these appropriations lapse at the end of each fiscal biennium. For nonoperating/special fund budgets, such as the Capital Improvement Program funds, appropriations do not lapse but continue in force until fully expended or until the purpose for which they were granted has been accomplished, abandoned, or revised by the City Council.

ASSESSMENT DISTRICT

A funding mechanism for constructing public infrastructure. The City sells bonds to finance a specific list of capital improvements that benefit specific properties within a City determined district. Bond financing costs are repaid through assessments placed on properties receiving benefit from the financed improvements within the boundary of the assessment district. Assessments are secured through the existence of liens placed on the properties within the assessment district.

BUDGET

A financial operating plan for a given period which displays the estimated expenditures to provide services or to accomplish a purpose during that period together with the estimated sources of revenue (income) to pay for those expenditures. Once the fund totals shown in the budget are appropriated by the City Council, they become maximum spending limits.

CAPITAL PROJECT

Major construction, acquisition, or renovation activities that add value to a government's physical assets or significantly increases the useful life. Equipment with a useful life of more than one year and costing more than \$2,500 are classified as capital expenditures.

CERTIFICATES OF PARTICIPATION (COPs)

Certificates of Participation are a form of tax-exempt municipal financing. Certificates of Participation (COPs) may be sold to finance equipment and/or facilities as long as the useful economic life of each class of property exceeds the term of the COPs payment schedule.

CIP

The acronym "CIP" stands for Capital Improvement Program. It is a 2-year plan of capital improvements approved by the City Council on a biennial basis. This plan also shows projected expenditures for an additional 2-year period for planning purposes, as

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well as “out years” although appropriations are not made. This plan is a blueprint that City staff can follow in implementation of the listed projects. The second 2-year period serves as a detailed foundation for planning the subsequent capital improvement budget.

CONGESTION MANAGEMENT AGENCY (CMA)

A joint powers authority formed of the public agencies within Alameda County. The City of Livermore is represented on this agency. The Alameda County Transportation Commission maintains a Countywide Transportation Plan, which serves as a planning document for the funding of regional transportation improvements in Alameda County.

CONTRACTUAL SERVICES

Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

DEBT SERVICE

The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

DEBT SERVICE FUNDS

Debt service funds are used to account for the payment of principal and interest on City debt and debt related entities.

DEPRECIATION

Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

DEVELOPMENT IMPACT FEE

Development impact fees are charged against development to mitigate the impact of new development on existing facilities. The State Mitigation Fee Act (AB 1600) requires that a nexus be demonstrated between development impacts and the fee imposed to mitigate the impacts. Operating and maintenance costs cannot be recovered through development impact fees. Examples of City Development Impact Fees include the Traffic Impact Fee, the Water Connection Fee, and the Sanitary Sewer Connection Fee.

ENTERPRISE FUNDS

Enterprise funds account for City operations that are financed and operated in a manner similar to a private enterprise. Costs of providing service to the public are recovered



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through user charges and impact fees. Examples include the City Airport, the Springtown Golf Course, the Las Positas Golf Course, and the Sewer Operating Fund.

**FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City acting in a fiduciary capacity for other entities. Such funds are operated to carry out specific actions of agreements, ordinances, and other governing regulations.

**FISCAL YEAR**

A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Livermore's fiscal year is from July 1<sup>st</sup> to June 30<sup>th</sup> of the following year.

**FUND**

Governmental accounting systems are organized and operated on a fund basis. A fund is an interdependent financial and accounting entity with a self-balancing set of accounts in which financial transactions relating to resources, expenditures, assets, and liabilities are recorded. Funds are established to account for the use of restricted revenue sources and, normally, to carry on specific activities or pursue specific objectives. Funds may be established by the State Constitution, State statute, City ordinance, or Finance Director.

**FUND BALANCE**

The difference between resources and expenditures.

**GASB 34**

During the fiscal year ended June 30, 2005 the City completed a capital asset valuation study to comply with the requirements of GASB 34. The goal of the study was to estimate the acquisition cost of public domain or infrastructure assets which are to be included in the City's governmental activities.

The study also provided a similar valuation of assets used in the City's business-type activities. In addition, the City changed the categorization of certain assets to align them with the activities where they are being used. The results of this study and recategorizations were implemented in the City's financial reports for the fiscal year ended June 30, 2005, and resulted in accounting adjustments in governmental and business-type activities. The results of these accounting adjustments are reported as a GASB 34 Implementation Adjustment at June 30, 2005.

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GENERAL PLAN

The City's controlling policy document for the physical development of the City. Under State law all capital improvement projects must be consistent with the City's General Plan.

GIS

Geographic Information Systems. This is a comprehensive data system where maps and data are linked. Information on City infrastructure, the General Plan, the Zoning Code, and development records are contained in Livermore's GIS system.

GRANTS

A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending on the grantor.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services and supplies provided by one City department to another on a cost-reimbursement basis.

LARPD

The Livermore Area Recreation and Parks District. This agency is an agency separate from the City of Livermore which constructs and maintains parks and trails in the Livermore area.

MEASURE B

Ballot measure approved by Alameda County voters and subsequently renewed for 20 years by the voters in 2000. Measure B is administered by the Alameda County Transportation Commission. Funding for the program is provided by a half-cent sales tax. Funding is provided for both voter approved major projects, as well as discretionary street construction and maintenance funding distributed to the public agencies of Alameda County.

MAINTENANCE AND OPERATION COSTS (M&O COSTS)

The maintenance and operation costs for all new infrastructure in the CIP are shown on the various CIP worksheets whenever the project is adding new infrastructure to the City. The CIP worksheets which include new infrastructure have the term "New Infrastructure" after the GASB 34 heading shown on the worksheet. The maintenance and operation cost assumptions are shown under the "Project Justification" heading on the CIP worksheet.

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**PROPOSITION 1B**

Refers to the \$20 billion bond measure approved by California voters on November 7, 2006, of which \$4.5 billion was allocated to projects statewide via a competitive process known as the Corridor Mobility Improvement Account (CMIA). The San Francisco Bay Area received \$1.3 billion of the CMIA Program for 18 projects one of which is the Isabel Interchange. The Isabel Interchange was allocated \$68 million of the CMIA Program as part of the competitive process.

**PROJECT COSTS**

The project costs (capital costs) are an estimate of the resources required to complete the capital project as described on the project description page. Costs typically include preliminary design, environmental clearance, final design, right-of-way acquisition, construction, contingencies, inspection, and contract administration. Many of the project costs shown in the CIP are preliminary in nature since no significant engineering or environmental evaluation has been done which would allow for more specific estimates to be produced. Most cost estimates are produced using rule-of-thumb approximations as opposed to specific lists of materials.

**PROJECT SCHEDULES**

Detailed Microsoft project schedules are prepared by the various project managers using Microsoft Project software to prepare Gant Charts. Key milestone dates for environmental clearance, right of way acquisition, design and construction are taken from the Gant Charts and entered into the City's Permits Plus database system for tracking. The project managers update their detailed Microsoft Project schedules and then enter the milestone dates in Permits Plus. Semi-annual capital improvement project schedule meetings are held with all of the stakeholders for the projects to review project schedules, priorities and status updates on all capital improvement projects.

**PROJECT STUDY REPORT**

A planning document for State infrastructure used by and approved by Caltrans. The first step in completing improvements to or construction of State infrastructure is the Project Study Report, which identifies project alternatives and costs.

**REVENUE**

Sources of income received during a fiscal year, operating transfers from other funds, and other financing sources such as the proceeds derived from the sale of fixed assets.

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RULE 20A PROGRAM

A program funded by P.G. & E. to underground existing overhead utilities in a continuous incremental way.

SOLID WASTE & RECYCLING IMPACT FEE

In June of 2007, the City Council approved a monthly fee charged to the City refuse hauler to mitigate the impact that refuse collection vehicles have on the useful life of City streets and to fund the implementation of a Neighborhood Preservation Fee. These funds will provide for the street maintenance program costs that are associated with the impact of heavy refuse collection vehicles and to support Neighborhood Preservation Programs which are directly related to solid waste activities.

SOUTH LIVERMORE VALLEY SPECIFIC PLAN ROAD IMPROVEMENT PROGRAM

The South Livermore Valley Specific Plan Road Improvement Program (SLVSPRIP) is a cost-sharing program facilitated by the City for funding major road infrastructure in the South Livermore Valley Specific Plan area. Costs for all major South Livermore infrastructure is spread as a special development fee on South Livermore development. Developers constructing South Livermore infrastructure are reimbursed from the fee program.

STIP

The State Transportation Improvement Program. This program provides Federal and State funding for transportation improvements. Final funding for the STIP is made by the California Transportation Commission, based on recommendations by the Metropolitan Transportation Commission. The Alameda County Transportation Commission Countywide Transportation Plan serves as the basis for Alameda County transportation plans in the Regional Transportation Plan developed by the Metropolitan Transportation Commission.

TCFA

The Transportation Fund for Clean Air (TFCA) is a regional program administered by the Bay Area Air Quality Management District that provides funds for projects that contribute to improved air quality by reducing motor vehicle travel and vehicle emissions, such as bicycle and pedestrian improvement projects.

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TDA

TDA is the Transportation Development Act (Article 3) and is a state program administered by the Metropolitan Transportation Commission that provides funds for bicycle and pedestrian transportation improvement projects

TEA-21

TEA-21 is the federal Transportation Efficiency Act for the 21<sup>st</sup> Century which was adopted by Congress in 1988. This federal legislation authorized a six-year extension of the federal transportation funding bill.

TIF

TIF is the City's Traffic Impact Fee Program. This program funds the construction for over \$250 million in major transportation infrastructure over the next 20 years. Revenue is generated by new development paying the TIF fee. Costs are allocated to new development based on a nexus study in compliance with the State Mitigation Fee Act (AB 1600). Projects include major streets, Interstate 580 interchanges, local matches for BART to Livermore and High Occupancy Vehicle Lanes (HOV) on Interstate 580. Some facilities in this program are constructed by new development, with offsetting TIF fee credits and reimbursements being provided to developers.

TVTC

The Tri-Valley Transportation Council is a joint powers authority of the cities of Livermore, Pleasanton, Dublin, San Ramon, Danville, and the counties of Contra Costa and Alameda. The TVTC has identified important subregional transportation improvements. A subregional development impact fee, the Tri-Valley Transportation Development Fee has been established by the TVTC to provide "seed" money for major subregional transportation improvements.

USER CHARGES

User charges are the payment of a fee for direct receipt of a public service by the party who benefits from the service.

ZONE 1

A water pressure zone of the City water distribution system on the west side of Livermore. This zone serves the lowest elevations in Livermore. It is one of three water pressure zones in the City of Livermore's water system.

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ZONE 2

The middle pressure zone of the City water distribution system in the northern parts of Livermore. This zone primarily serves the Springtown area and adjacent areas. It is one of three water pressure zones in the City of Livermore's water system.

ZONE 3

The highest pressure zone of the City water distribution system in the eastern parts of Livermore. This zone primarily serves areas east of Vasco Road. It is one of three water pressure zones in the City of Livermore's water system.

ZONE 7

The Alameda County Flood Control and Water Conservation Agency, Zone 7. Zone 7 is a dependent special district affiliated with Alameda County that is the water wholesaler and flood control agency in the Livermore Valley. Zone 7 operates a number of improved flood control channels in the Valley and has long-range plans for owning and maintaining major flood control facilities in the Valley.

**C. LOCATING ADDITIONAL BUDGET AND FINANCIAL INFORMATION**

The City of Livermore publishes a number of documents that provide information about the City's finances. Some of the more important documents that might be of interest include:

- The FY 12/13 and FY 13/14 Financial Plan contains highlights of the FY 12/13 and FY 13/14 Budget. The Financial Plan contains the budget transmittal letter and high level summary information;
- The Comprehensive Annual Financial Report (CAFR), which represents the year-end financial status and results of operations for each of the City's funds, as well as various statistical and demographic information about the City of Livermore;
- Quarterly Monitoring Reports, which discuss the status of operating and CIP resources and expenditures each quarter including a year end projection of probable outcomes.
- Livermore's internet website at [www.cityoflivermore.net](http://www.cityoflivermore.net).