



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: 2017-2021 PROPOSED CAPITAL
IMPROVEMENT PROGRAM
REPLACEMENT PAGES

DATE: May 3, 2016

Approved

Date 5/3/16

Attached are replacement pages to the 2016-2017 Proposed Capital Budget and 2017-2021 Proposed Capital Improvement Program to include the Detail of Construction Projects and Detail of Non-Construction Projects for the Water Utility System Capital Program that was inadvertently omitted. Please replace pages V-207 – V-232.

Jennifer A. Maguire
Senior Deputy City Manager/ Budget Director

Attachment

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

1. Cadwallader Reservoir Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2014
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
	Safe, Reliable, and Sufficient Water Supply	Initial Completion Date:	2nd Qtr. 2017
Department:	Environmental Services	Revised Completion Date:	
Council District:	8		
Location:	South end of Cadwallader Avenue		
Description:	This project includes the rehabilitation of two steel reservoirs that provide fire protection and system storage capacity for the Evergreen service area.		
Justification:	The coatings on the reservoirs have deteriorated and require rehabilitation to prevent premature replacement.		

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Design	172										172
Construction		2,041	2,041	20					20		2,061
TOTAL	172	2,041	2,041	20					20		2,233

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	172	2,041	2,041	20					20		2,233
TOTAL	172	2,041	2,041	20					20		2,233

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2017-2021 CIP - increase of \$413,000 due to higher than projected costs of recent bids for similar work.

Notes:

FY Initiated:	2014-2015	Appn. #:	7671
Initial Project Budget:	\$1,820,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

2. Edenvale Reservoir Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	2nd Qtr. 2016
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2017
Council District:	2	Revised Completion Date:	
Location:	Approximately at the intersection of Silver Creek Road and Hellyer Avenue		
Description:	This project includes the rehabilitation of a steel reservoir that provides fire protection and system storage capacity for the Edenvale service area.		
Justification:	The coating on the reservoir has deteriorated and requires rehabilitation to prevent premature replacement.		

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Design		75	75								75
Construction				1,100					1,100		1,100
TOTAL		75	75	1,100					1,100		1,175

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		75	75	1,100					1,100		1,175
TOTAL		75	75	1,100					1,100		1,175

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

2017-2021 CIP - increase of \$200,000 due to higher than projected costs of recent bids for similar work, as well as funding to install water system facility upgrades necessary to ensure a reliable water supply while the storage tank is offline for construction.

Notes:

FY Initiated:	2015-2016	Appn. #:	6168
Initial Project Budget:	\$975,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

3. Gumdrop Drive Main Replacement

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2016
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2019
Council District:	8	Revised Completion Date:	
Location:	Gumdrop Drive, from Almond Drive to 480 feet south of Coconut Drive		
Description:	This project includes the replacement and relocation of approximately 2,050 feet of an 8-inch steel water main on Gumdrop Drive, Almond Drive, and Coconut Drive.		
Justification:	The water line is reaching the end of its useful life. Due to the high frequency of water leaks on this main, the pipeline is being relocated out of the parkstrip area to preserve older street trees.		

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Design			60						60		60
Construction				1,050		30			1,080		1,080
TOTAL			60	1,050		30			1,140		1,140

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund			60	1,050	30			1,140		1,140
TOTAL			60	1,050	30			1,140		1,140

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2016-2017	Appn. #:	
Initial Project Budget:	\$1,140,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

4. Infrastructure Improvements

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Ongoing
Council District: 2, 4, 7, 8 **Revised Completion Date:**
Location: System-wide

Description: This allocation provides funding to replace and/or refurbish pumps, motors, valves, electrical control mechanisms, generators, and water mains that are nearing the end of their useful lives. The selection and scope of the projects selected in any particular year will be based on the previous year's maintenance needs.

Justification: Mechanical and electrical equipment requires replacement at the end of its service life to ensure ongoing operation.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Construction		1,820	1,820	780	790	800	810	820	4,000		
TOTAL		1,820	1,820	780	790	800	810	820	4,000		

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	1,820	1,820	780	790	800	810	820	4,000
TOTAL	1,820	1,820	780	790	800	810	820	4,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated: Ongoing **Appn. #:** 5366
Initial Project Budget: **USGBC LEED:** N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

5. Meter Installations

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Ongoing
Council District: 2, 4, 7, 8 **Revised Completion Date:**
Location: System-wide

Description: This allocation provides funding to purchase, test, and install water meters for new developments and customers, the cost of which is offset by the meter installation fees paid by developers and property owners.

Justification: New meters are needed to provide water to new utility customers.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Construction		79	79	50	50	50	50	50	250		
TOTAL		79	79	50	50	50	50	50	250		

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	79	79	50	50	50	50	50	50	250
TOTAL	79	79	50	50	50	50	50	50	250

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated: Ongoing **Appn. #:** 4347
Initial Project Budget: **USGBC LEED:** N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

6. Meter Replacements

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2013
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2014
Council District:	2, 4, 7, 8	Revised Completion Date:	2nd Qtr. 2017
Location:	System-wide		

Description: This allocation provides funding to replace existing manual-read water meters with remote-read water meters. Approximately 20,000 of the 27,000 meters will be replaced, which will complete the replacement of all water meters in the Municipal Water System (Muni Water) service area.

Justification: Equipping water meters with remote-read capabilities will increase efficiency and improve operations, allowing staff to focus on system infrastructure and maintenance. Remote-read meters will also provide customers with more timely and effective water use reports in order to affect water conservation at a more direct level, and will provide the department with data on potential leaks so staff can respond more effectively. These efforts will increase water conservation across the City, and are needed to address the effects of the current drought in California.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Construction	987	3,500	2,330	1,200					1,200		4,517
TOTAL	987	3,500	2,330	1,200					1,200		4,517

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	987	3,500	2,330	1,200					1,200		4,517
TOTAL	987	3,500	2,330	1,200					1,200		4,517

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2015-2019 CIP - increase of \$1.0 million to replace an additional 4,000 meters.
 2016-2020 CIP - increase of \$3.0 million to replace all remaining meters (approximately 14,000).

Notes:

This project was accelerated in order to provide all Muni Water customers in the City a more effective tool to conserve water and fight the drought. Commercial Paper proceeds will be used to fund the \$1.2 million allocated in 2016-2017.

FY Initiated:	2013-2014	Appn. #:	7593
Initial Project Budget:	\$500,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program Detail of Construction Projects

7. North San José Well #5 Development and Construction

CSA:	Environmental and Utility Services	Initial Start Date:	2nd Qtr. 2016
CSA Outcome:	Safe, Reliable, and Sufficient Water Supply	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2017
Council District:	4	Revised Completion Date:	
Location:	North San José service area		

Description: This allocation provides funding for the development and construction of a groundwater production well in the North San José service area. The location for this well will be determined based on the results of the North San José Water Well Evaluation and Rehabilitation project that is anticipated to be completed by December 2016.

Justification: Construction and development of a new well will be needed to supply groundwater to allow for operational flexibility by supplementing the existing treated water supplies, and to ensure a reliable potable water supply in order to meet increasing demands as growth and development continue in the North San José and Alviso service areas.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Design		60	60								60
Construction				1,500					1,500		1,500
TOTAL		60	60	1,500					1,500		1,560

FUNDING SOURCE SCHEDULE (000'S)

Major Facilities Fund	60	60	1,500						1,500		1,560
TOTAL	60	60	1,500						1,500		1,560

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2015-2016	Appn. #:	6274
Initial Project Budget:	\$1,560,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

8. Safety and Security Improvements

CSA:	Environmental and Utility Services	Initial Start Date:	1st Qtr. 2015
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2019
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project includes the repair and installation of additional safety and security equipment at various system facilities. Examples of improvements include new and repaired fencing at reservoirs, construction of concrete block walls around wells, and the installation of safety railing at various sites.

Justification: This project will maintain reliable utility infrastructure, ensure water supplies remain secured, and provide a safe working environment for staff performing operations and maintenance.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Construction	385	415	415	100	100	100			300		1,100
TOTAL	385	415	415	100	100	100			300		1,100

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	385	415	415	100	100	100			300		1,100
TOTAL	385	415	415	100	100	100			300		1,100

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2016-2020 CIP - increase of \$700,000 due to additional identified projects necessary for safety and security at Muni Water sites.

Notes:

This project was initiated as part of the 2014-2015 Mid-Year Budget Review.

FY Initiated:	2014-2015	Appn. #:	4095
Initial Project Budget:	\$400,000	USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Construction Projects

9. Service Installations

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This allocation provides funding for the installation of connections between water mains and meters and the extension of existing water mains. A portion of this work, related to new development, is paid for by developer fees. The remainder of the work, which is not tied to developer fees, entails connections to water, service laterals, sampling stations, meter boxes, air release valves, and main extensions in existing service areas to increase the operability of the system.

Justification: As development proceeds in the City, connections between water mains and meters are required to service new customers. Additional minor connections and appurtenances are periodically needed to reliably operate the system and ensure a safe drinking water supply.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Construction		389	389	200	200	200	200	200	1,000		
TOTAL		389	389	200	200	200	200	200	1,000		

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund	389	389	200	200	200	200	200	200	1,000
TOTAL	389	389	200	200	200	200	200	200	1,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Appn. #:	4348
Initial Project Budget:		USGBC LEED:	N/A

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Non-Construction Projects

10. Advance System Design

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds the design, engineering, and inspection for the connection of new developments to the Water Utility System. Project costs are offset by developer fees.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Planning and Engineering		200	200	200	200	200	200	200	1,000		
TOTAL		200	200	200	200	200	200	200	1,000		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		200	200	200	200	200	200	200	1,000		
TOTAL		200	200	200	200	200	200	200	1,000		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 4346

11. Major Facilities Fee Administration

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation provides funding to administer the Major Facilities Fees. The Major Facilities Fund receives fees associated with the connection and operation of major water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Program Management		15	15	15	15	15	15	15	75		
TOTAL		15	15	15	15	15	15	15	75		

FUNDING SOURCE SCHEDULE (000'S)											
Major Facilities Fund		15	15	15	15	15	15	15	75		
TOTAL		15	15	15	15	15	15	15	75		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 5369

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Non-Construction Projects

12. Master Plan Engineering

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation is used to update the Water System Master Plan based on anticipated development and customer consumption.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Master Plan/Study		140	140	145	150	155	160	165	775		
TOTAL		140	140	145	150	155	160	165	775		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		140	140	145	150	155	160	165	775		
TOTAL		140	140	145	150	155	160	165	775		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 4349

13. Network System Flow Improvements

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation is used to perform computer analysis of the water distribution system, including modeling of the system's reservoirs, pump stations, and distribution facilities, in order to prioritize replacement of existing facilities and development of new facilities.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Advanced Planning		6	6	6	6	6	6	6	30		
TOTAL		6	6	6	6	6	6	6	30		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		6	6	6	6	6	6	6	30		
TOTAL		6	6	6	6	6	6	6	30		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 4350

Water Utility System

2017-2021 Proposed Capital Improvement Program

Detail of Non-Construction Projects

14. Preliminary Engineering

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation provides funding for project development in the early stages of planning.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Advanced Planning		125	125	130	135	140	145	150	700		
TOTAL		125	125	130	135	140	145	150	700		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		125	125	130	135	140	145	150	700		
TOTAL		125	125	130	135	140	145	150	700		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 4952

15. Public Works GIS Support

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds Public Works Geographic Information System (GIS) support services on an as-needed basis.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Planning and Engineering		230	230	65	65	65	65	65	325		
TOTAL		230	230	65	65	65	65	65	325		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		230	230	65	65	65	65	65	325		
TOTAL		230	230	65	65	65	65	65	325		

Notes:
 Selected budget information is not provided due to the ongoing nature of this project.
Appn. #: 7365

Water Utility System
2017-2021 Proposed Capital Improvement Program
Detail of Non-Construction Projects

16. Repayment of Commercial Paper

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds the repayment of commercial paper proceeds of \$1.2 million used to fund a portion of the Meter Replacements project in 2016-2017.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Debt Service		830		627	627				1,254		1,254
TOTAL		830		627	627				1,254		1,254
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		830		627	627				1,254		1,254
TOTAL		830		627	627				1,254		1,254
Appn. #:	6247										

17. System Maintenance/Repairs

CSA: Environmental and Utility Services
CSA Outcome: Reliable Utility Infrastructure
Department: Environmental Services
Description: This allocation funds emergency and miscellaneous repairs in the distribution system.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2015-16 Appn.	2015-16 Estimate	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total	Beyond 5-Year	Project Total
Equipment		735	735	740	740	740	740	760	3,720		
TOTAL		735	735	740	740	740	740	760	3,720		
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		735	735	740	740	740	740	760	3,720		
TOTAL		735	735	740	740	740	740	760	3,720		

Notes:
Selected budget information is not provided due to the ongoing nature of this project.

Appn. #: 5876

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