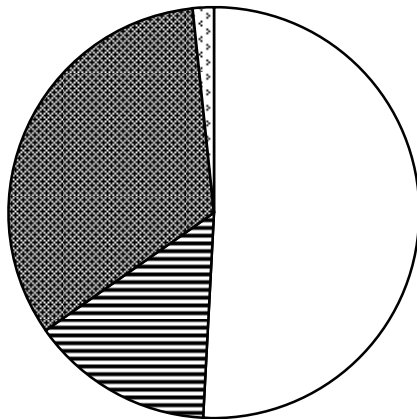


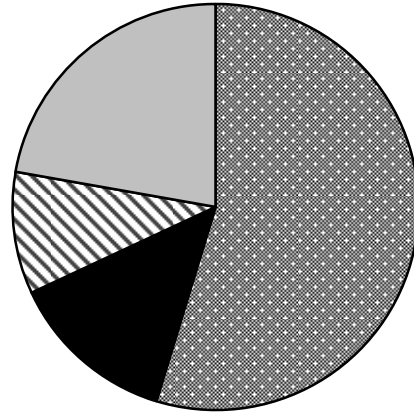
WATER POLLUTION CONTROL 2010-2014 Capital Improvement Program

**2009-2010 Adopted
Source of Funds**



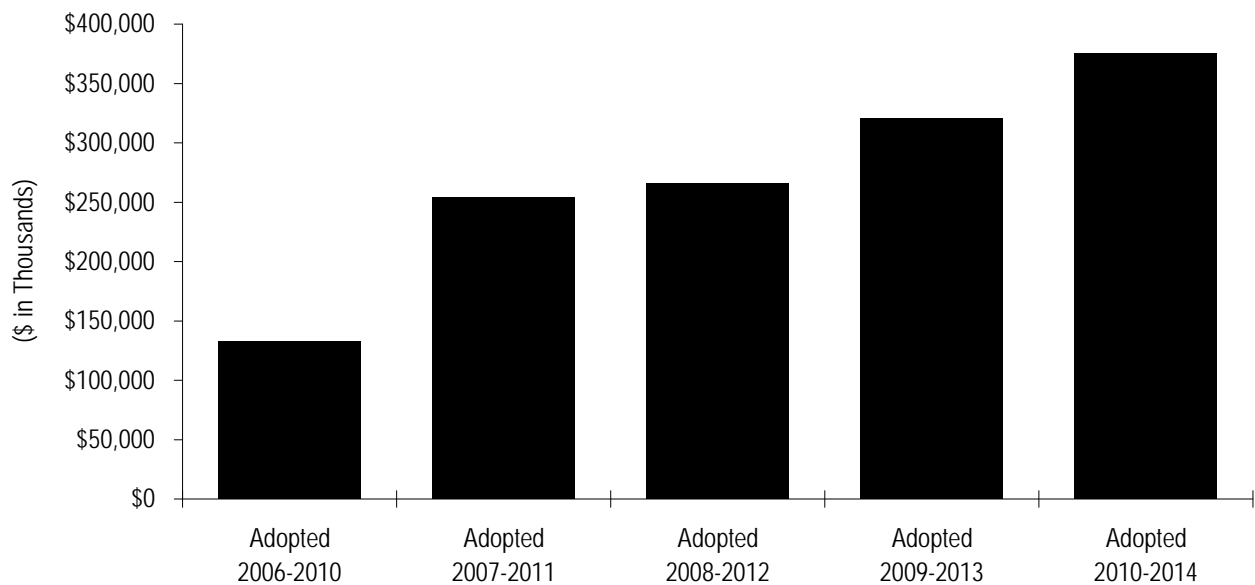
- Beginning Fund Balance
- ▨ Other Government Agencies
- ▩ Loans & Transfers
- ▤ Miscellaneous

**2009-2010 Adopted
Use of Funds**



- ▩ Construction
- Non-Construction
- ▨ Reserves
- ▤ Loans and Transfers
- Ending Fund Balance

CIP History



Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Overview

Introduction

The San José/Santa Clara Water Pollution Control Plant (Plant) is a regional wastewater treatment facility serving seven tributary sewage collection agencies (Agencies), including municipalities and sanitary sewer districts. The service area includes the following cities and adjacent, unincorporated County territory: San José, Santa Clara, Milpitas, Cupertino Sanitary District, West Valley Sanitary District (Campbell, Los Gatos, Monte Sereno, and Saratoga), County Sanitation Districts 2-3, and Burbank Sanitary Districts. The Plant is jointly owned by the cities of San José and Santa Clara and is administered and operated by the City of San José's Environmental Services Department (ESD), which is also responsible for planning, designing, and constructing new wastewater treatment and water reuse facilities.

Capital costs are estimated annually by ESD staff and are reviewed and recommended as a budget by the Treatment Plant Advisory Committee to the San José City Council for appropriation. The costs are allocated to each Agency based on its contracted-for capacity in the Plant. Each Agency is responsible for its allocated share of Plant costs, as well as its own sewage collection system maintenance, operation, and capital costs; debt service on bonds issued by the Agency for sewer purposes; and any other sewer service related costs. Each Agency is also responsible for establishing and collecting its respective sewer service and use charges, connection fees or other charges for sewer service.

A revenue program is prepared annually by each Agency to establish its sewer service and use charge rates. Rates are adopted by ordinance, or resolution, of the governing body of each Agency. The Agencies' revenue

programs, ordinances and resolutions are submitted to the City of San José, as the administering agency, for review to determine conformance with State Water Resources Control Board (SWRCB) revenue program guidelines and are then submitted by San José to the SWRCB for review and certification.

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh, and Bay*.

Program Priorities and Objectives

The Plant Capital Improvement Program (CIP) projects are evaluated using the following criteria established by ESD:

- Projects needed for health and safety;
- Projects needed to maintain the quality of effluent flow;
- Projects mandated by regulatory agencies;
- Projects that ensure adequate process reliability; and
- Projects that enhance efficiency and effectiveness.

Sources of Funding

The 2010-2014 Adopted CIP provides funding of \$375.6 million, of which \$108.2 million is allocated in 2009-2010.

Revenues for the Five-Year CIP are derived from several sources: Contributions from the City of Santa Clara and Other Agencies (\$86.6 million); transfers from the City of San José Sewer Service and Use Charge Fund (\$210.0 million), and the Sewage Treatment Plant Connection Fee Fund (\$15.4 million); Interest

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Overview

Sources of Funding (Cont'd.)

Earnings (\$6.3 million); Calpine Metcalf Energy Center Facilities Repayments (\$1.9 million); and federal grants from the U.S. Bureau of Reclamation (\$500,000). In addition, \$54.9 million in available fund balance is programmed to support projects identified in this five-year program.

Contributions from the City of Santa Clara and other agencies are determined by agreements with the participating agencies, financing plans, anticipated expenditures for the Plant, and the amount and characteristics of flows to the treatment plant. These contributions reimburse the City of San José for actual project expenditures. In this Adopted CIP, these contributions from the City of Santa Clara and the other agencies total \$86.6 million, which represents a \$17.1 million (24.6%) increase compared to the 2009-2013 Adopted CIP. This increase results from the revised capital investment plan, including additional funding for the Plant Electrical Reliability project, the Plant Infrastructure Improvements project, and the Equipment Replacement Program.

The Sewer Service and Use Charge Fund is an operating fund that derives its revenues from fees imposed on San José's residential, commercial, and industrial users of the sanitary sewer system and represents the largest source of funding for this capital program. Transfers from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Improvement Program reflect a \$55.8 million (36.2%) increase compared to the 2009-2013 Adopted CIP. The increased transfer assumes a 15% rate increase in Sewer Service and Use Charge fees approved for 2009-2010, as noticed to the public in May 2007. For the average household, this

amounts to an increase of \$46.92 a year, from \$325.08 to \$372.00.

An annual transfer of \$3.08 million is anticipated from San José's Sewage Treatment Plant Connection Fee Fund and is programmed as part of the 2010-2014 Adopted CIP.

Program Highlights

Plant Electrical Reliability Project

The Plant Electrical Reliability Project is an \$80 million, multi-phase construction project to enhance the overall safety and reliability of the Plant electrical systems. Several elements of this project have been implemented and construction is underway to add a new switchgear and new cables to create an interim ring buss distribution system. Design is in progress to prepare several more projects replacing additional switchgears and motor control centers to begin construction in late 2009.

Plant Master Plan Project

The Plant recently initiated a Plant Master Planning project and hired a consultant to develop the Master Plan in 2007. The Plant Master Plan will be the blueprint for the Plant's development over the next 30 years, covering expected wastewater flows and loads to the Plant, rates, staffing, Plant infrastructure, use of the buffer lands, bio-solids processing, and many other items. Once the future needs have been identified in the Master Plan, City staff will work with the consultant to develop a financing plan.

Four key conditions drive the need for the Master Plan: new regulations, community growth, community values, and infrastructure

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

Plant Master Plan Project (Cont'd.)

rehabilitation. The goals for the Plant Master Plan to address these conditions will include working to benefit the environment and the economy, while providing for the technical needs of the Plant.

In addition to the existing budget to develop the Master Plan, an additional \$4.2 million has been budgeted over the course of the project to cover public outreach activities and the environmental clearance process (meeting the requirements of the National Environmental Policy Act and the California Environmental Quality Act). The Master Plan is projected to be completed by 2011 with environmental clearance to be completed in 2012.

The Master Plan will coordinate the many complex projects required for the Plant due to aging infrastructure and future regulations, and serve as a tool to identify and prioritize near-term CIP projects for upgrades and replacements. Public outreach and stakeholder involvement is a major component of this process.

South Bay Action Plan

A South Bay Action Plan (SBAP) has been a requirement of the Plant's National Pollution Discharge Elimination System (NPDES) permit since 1991 and includes projects necessary to reduce average dry weather effluent flow from the Plant to below the 120 million gallons per day (mgd) flow trigger, or to levels that protect salt marsh habitat for endangered species in the South Bay. The requirements have been modified with each successive permit, with the most recent permit update scheduled for adoption in 2009.

A major component of the SBAP is the South Bay Water Recycling System, which accounts for a significant portion of the effluent diverted from discharge into the Bay. For 2009-2010 and the 2010-2014 CIP, the focus will be on increasing the number of industrial customers by connecting facilities that are adjacent to or near the existing recycled water pipeline. In addition, the collaborative effort with the Santa Clara Valley Water District for future expansion, operation, and maintenance of the system is continuing.

Plant Infrastructure Needs Improvements

Approximately \$249.0 million in capital improvement projects were identified in a 2007 consultant study as high-priority projects that should be implemented over the subsequent five years to address aging infrastructure. Some of these high priority projects have been included in the 2010-2014 Adopted CIP, including the Plant Electrical Reliability project (\$60.5 million in the five-year CIP, \$80.3 million total project cost), Digester Rehabilitation (\$41.5 million in the five-year CIP, \$98.1 million total project cost), and Digester Gas Line Replacement project (\$10.3 million). All of these projects are being closely coordinated with the Plant Master Plan project to ensure that they are integrated with other high-priority and long-term facility needs.

Other Projects

The 2010-2014 Adopted CIP includes other major projects. The following priority projects are required to meet regulatory mandates, ensure process reliability, provide for a safe work environment, or provide process efficiencies or cost savings:

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

Other Projects (Cont'd.)

- Dissolved Air Flotation Pressure Retention Tank and Valves Replacement – \$1.1 million in this CIP;
- Secondary and Nitrification Clarifier Rehabilitation – \$15 million in this CIP, \$35 million total project costs;
- Filtration Action Plan – Valve Replacement - \$7.0 million in this CIP, \$11.0 total project costs;
- Fire Line Replacement – \$800,000 in this CIP, \$1.2 million total costs;
- Warehousing Facility Additions – \$1.2 million total project costs in this CIP; and
- Headworks Enhancement – \$4.0 million total project costs in this CIP.

Reserve for Equipment Replacement

As in prior CIPs, the 2010-2014 Adopted CIP includes a reserve for equipment replacement. The minimum reserve requirement is \$5.0 million. This reserve minimum was established to satisfy three contractual requirements and a Master Agreement guideline:

- The State Water Resources Control Board's (SWRCB) Policy for implementing the State Revolving Fund for Construction of Wastewater Treatment requires that annual revenue requirements include funds

for the replacement of major equipment needed to maintain the capacity and performance of the treatment plant over its useful life.

- Compliance with the SWRCB's policy is a requirement of State Revolving Fund Loan Agreements. Equipment replacement of \$11.9 million and a reserve of \$5.0 million are included in the 2010-2014 Adopted CIP to satisfy this requirement.
- The Clean Water Financing Authority (CWFA) Bond Covenants require that a reserve be maintained at a minimum level of \$5.0 million to help pay the costs of extraordinary repairs and for renewal and replacement of the treatment plant when insurance and other funds budgeted for such purposes are exhausted, or are insufficient to meet the need.
- The Master Agreements for Wastewater Treatment between the City of San José, the City of Santa Clara, and Tributary Agencies established a replacement fund for the deposit of annual contributions for the replacement of major treatment plant equipment. The Master Agreements also require that each agency pay its proportionate share of the annual replacement contribution.

Major Changes from the 2009-2013 Adopted CIP

Major changes from the 2009-2013 Adopted CIP include the following:

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Overview

Major Changes from the 2009-2013 Adopted CIP (Cont'd.)

- Additional revenue in the amount of \$17.1 million from transfers from the City of Santa Clara and Other Agencies for those Agencies' proportionate costs of CIP projects.
- Additional revenue in the amount of \$55.8 million transferred from the Sewer Service and Use Charge Fund for City of San José's CIP project costs.
- New funding for a Headworks Enhancement Project (\$4.0 million), scheduled to begin in 2009-2010 and to be completed in 2010-2011.
- Additional funding of \$13.0 million for Plant Infrastructure Improvements. The 2010-2014 CIP includes funding of \$61.3 million, compared to \$48.3 million in the 2009-2013 CIP. This is an ongoing project.
- Additional funding of \$11.5 million for Digester Rehabilitation. The 2010-2014 CIP includes funding of

\$98.1 million, compared to \$86.6 million in the 2009-2013 CIP. Project construction has been deferred from 2008-2009 to 2010-2011.

Operating Budget Impact

One project in the the Water Pollution Control 2010-2014 Adopted CIP will lead to an increase in operating costs. The Alternative Disinfection project will increase chemical costs \$500,000 for 2009-2010, and \$1.0 million on an ongoing basis. These costs are described in detail in the 2009-2010 Adopted Operating Budget.

Council-Approved Revisions to the Adopted Capital Improvement Program

During the June budget hearings, the City Council approved the rebudgeting of \$20.5 million for seven projects: Revised South Bay Action Plan - SBWR Extension (\$14.0 million), Equipment Replacement (\$2.3 million), Environmental Services Building (ESB) Repair (\$2.0 million), Plant Infrastructure Improvements (\$1.0 million), Alternative Disinfection (\$500,000), Plant Electrical Reliability (\$400,000), and Plant Master Plan (\$380,000).

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Source of Funds

SOURCE OF FUNDS	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
<u>San José-Santa Clara Treatment Plant Capital Fund</u>							
Beginning Fund Balance	60,058,826	54,930,907	24,143,907	7,339,907	19,607,907	32,008,907	54,930,907 *
Revenue from Other Agencies:							
<u>Federal Government</u>							
– U.S. Bureau of Reclamation Grant (SBWRP)	500,000	500,000					500,000
<u>Water Pollution Control Plant User Agencies</u>							
– 2005 Bond Debt Service Repayment	1,215,000	1,234,000	1,233,000	1,229,000	1,227,000	1,228,000	6,151,000
– Equipment Replacement	591,000	591,000	591,000	591,000	591,000	591,000	2,955,000
– SRF Loan Repayment	1,384,000	1,384,000	1,384,000	1,384,000	1,384,000	1,384,000	6,920,000
– WPCP Projects	8,775,000	11,991,000	18,114,000	12,401,000	14,060,000	13,982,000	70,548,000
Contributions, Loans and Transfers from:							
<u>Special Funds</u>							
– Transfer from Sewage Treatment Plant Connection Fee Fund (539)	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	15,400,000
– Transfer from Sewer Service and Use Charge Fund (541)	19,161,000	32,747,000	29,816,000	43,799,000	51,792,000	51,796,000	209,950,000
Interest Income	4,126,000	1,310,000	1,092,000	1,061,000	1,145,000	1,677,000	6,285,000
Miscellaneous Revenue							
– Calpine Metcalf Energy Center Facilities Repayment	389,000	389,000	389,000	389,000	389,000	389,000	1,945,000
Reserve for Encumbrances	37,371,081						
Total San José-Santa Clara Treatment Plant Capital Fund	136,650,907	108,156,907	79,842,907	71,273,907	93,275,907	106,135,907	375,584,907 *

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
 Source of Funds

SOURCE OF FUNDS (CONT'D.)	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
TOTAL SOURCE OF FUNDS	136,650,907	108,156,907	79,842,907	71,273,907	93,275,907	106,135,907	375,584,907 *

* The 2010-2011 through 2013-2014 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Pollution Control
2010-2014 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
Construction Projects							
Public Art							
1. Public Art	521,000	138,000	557,000	377,000	425,000	423,000	1,920,000
Total Public Art	521,000	138,000	557,000	377,000	425,000	423,000	1,920,000
Water Pollution Control Managed Projects							
Digester Gas Line Replacement			10,120,000	180,000			10,300,000
Dissolved Air Flotation Pressure Retention Tank & Valves	650,000				1,100,000		1,100,000
Filtration Action Plan - Valve Replacement			1,000,000	1,000,000	2,500,000	2,500,000	7,000,000
Fire Line Replacement			200,000	200,000	400,000		800,000
M5, Ring Buss, & Cable Replacement	9,796,000						
Technical Services Building	2,000						
WPCP Reliability Improvements	1,476,000						
WPCP Reliability Improvements Phase II					5,000,000		5,000,000
Warehousing Facility Additions			130,000	1,100,000			1,230,000
2. Alternative Disinfection	9,685,000	500,000					500,000
3. Digester Rehabilitation	700,000	2,000,000	9,500,000	10,000,000	10,000,000	10,000,000	41,500,000
4. Environmental Services Building (ESB) Repair	4,034,000	1,966,000					1,966,000
5. Headworks Enhancement		500,000	3,500,000				4,000,000
6. Land Management & Improvements		250,000					250,000
7. Plant Electrical Reliability	4,786,000	20,900,000	20,000,000	9,000,000	6,000,000	4,600,000	60,500,000
8. SBWR Reservoir Facility		6,000,000					6,000,000

Water Pollution Control
2010-2014 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
Construction Projects							
Water Pollution Control Managed Projects							
9. Secondary and Nitrification Clarifier Rehabilitation		1,000,000	2,000,000	4,000,000	4,000,000	4,000,000	15,000,000
Total Water Pollution Control Managed Projects	31,129,000	33,116,000	46,450,000	25,480,000	29,000,000	21,100,000	155,146,000
Watershed Protection Managed Projects							
ESD MIS Improvements	247,000						
Lab Information Management System	88,000						
Salt Marsh Restoration	63,000						
10. Revised South Bay Action Plan - SBWR Extension	6,808,000	14,364,000	389,000	389,000	389,000	389,000	15,920,000
Total Watershed Protection Managed Projects	7,206,000	14,364,000	389,000	389,000	389,000	389,000	15,920,000
Recurring Projects							
11. Equipment Replacement	4,781,000	4,630,000	2,150,000	1,925,000	1,660,000	1,525,000	11,890,000
12. Plant Infrastructure Improvements	10,902,000	6,763,000	8,840,000	11,800,000	13,110,000	20,770,000	61,283,000
13. Unanticipated/Critical Repairs	332,000	250,000	250,000	250,000	250,000	250,000	1,250,000
Total Recurring Projects	16,015,000	11,643,000	11,240,000	13,975,000	15,020,000	22,545,000	74,423,000
Total Construction Projects	54,871,000	59,261,000	58,636,000	40,221,000	44,834,000	44,457,000	247,409,000

Water Pollution Control
2010-2014 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
<u>Non-Construction</u>							
General Non-Construction							
2005A Bond Reserve Fund	5,402,000						
2009 Bond Deposit	1,700,000						
14. Payment for Clean Water Financing Authority Trustee	82,000	5,000	5,000	5,000	5,000	5,000	25,000
15. Plant Master Plan	4,448,000	2,780,000	2,400,000				5,180,000
16. Public Works Capital Management Costs	12,000	5,000	8,000	6,000	6,000	6,000	31,000
17. State Revolving Fund Loan Repayment	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	22,320,000
18. Transfer to Clean Water Financing Authority Debt Service Payment Fund	10,723,000	6,981,000	6,977,000	6,956,000	6,947,000	6,952,000	34,813,000
Total General Non-Construction	26,831,000	14,235,000	13,854,000	11,431,000	11,422,000	11,427,000	62,369,000
Contributions, Loans and Transfers to Special Funds							
Transfer to City Hall Debt Service Fund	18,000	12,000	13,000	14,000	11,000	12,000	62,000
Total Contributions, Loans and Transfers to Special Funds	18,000	12,000	13,000	14,000	11,000	12,000	62,000
Reserves							
Reserve for Plant Master Plan Improvements					5,000,000	5,000,000	10,000,000
19. Reserve for Electrical Reliability Improvements Project		5,305,000					5,305,000
20. Reserve for Equipment Replacement		5,000,000					5,000,000

Water Pollution Control
2010-2014 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	5-Year Total
<u>Non-Construction</u>							
Reserves							
21. Reserve for Rate Studies		200,000					200,000
Total Reserves		10,505,000			5,000,000	5,000,000	20,505,000
Total Non-Construction	26,849,000	24,752,000	13,867,000	11,445,000	16,433,000	16,439,000	82,936,000
Ending Fund Balance	54,930,907	24,143,907	7,339,907	19,607,907	32,008,907	45,239,907	45,239,907*
TOTAL USE OF FUNDS	136,650,907	108,156,907	79,842,907	71,273,907	93,275,907	106,135,907	375,584,907*

* The 2009-2010 through 2012-2013 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

1. Public Art

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:	4	Revised Completion Date:	
Location:	City-wide		

Description: This allocation funds the construction and administration of public art in the Water Pollution Control Capital Program. In compliance with the Council adoption of the revised Public Art Master Plan on March 13, 2007, one percent of all construction project funding is required to be allocated to public art, excluding funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), or affordable housing. Projects where public art allocations were previously programmed or appropriated are not subject to the revisions of the Public Art Master Plan. Expenditures in this allocation will be subject to the legal revenue restrictions for the use of this funding on public art.

Justification: This allocation is required to comply with the revisions to the Public Art Master Plan adopted by the City Council on March 13, 2007.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Public Art		521	521	138	557	377	425	423	1,920		
TOTAL		521	521	138	557	377	425	423	1,920		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	521	521	138	557	377	425	423	1,920
TOTAL	521	521	138	557	377	425	423	1,920

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	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5957	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

2. Alternative Disinfection

CSA:	Environmental and Utility Services	Initial Start Date:	2nd Qtr. 2004
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	3rd Qtr. 2007
Council District:	4	Revised Completion Date:	1st Qtr. 2010
Location:	Water Pollution Control Plant		

Description: The Water Pollution Control Plant (WPCP) disinfects the filtered effluent using chlorine and neutralizes the chlorine residual with sulfur dioxide prior to discharge. Chlorine and sulfur dioxide are delivered to the Plant in railcar containers. To minimize risk of damage, this project provides funding for the design and construction of facilities to replace the gaseous chlorine and sulfur dioxide system with a liquid sodium hypochlorite and sodium bisulfite system.

Justification: Since the terrorist attack on September 11, 2001, reducing the potential risk of a massive catastrophe has become a major goal of this program. The presence of large quantities of sulfur dioxide and chlorine gas poses a high risk of damage in an event of massive sudden release.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design	595	389	389								984
Construction		9,796	9,296	500					500		9,796
TOTAL	595	10,185	9,685	500					500		10,780

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	595	10,185	9,685	500					500		10,780
TOTAL	595	10,185	9,685	500					500		10,780

ANNUAL OPERATING BUDGET IMPACT (000'S)

Maintenance*
Operating*

TOTAL

Major Changes in Project Cost:

2005-2009 CIP - increase of \$4.5 million to allocate funds from prior Reserve for Alternate Disinfection.
 2007-2011 CIP - increase of \$1.8 million due to higher than anticipated construction costs.
 2009-2013 CIP - increase of \$3.6 million due to higher than anticipated construction costs.

Notes:

The estimated start date reflects the start of the alternative disinfection study, which preceded the construction project described here. Construction began in 2007-2008. The estimated end date reflects the anticipated project completion.

* The City Council approved additional operating and maintenance costs as part of the 2009-2010 Adopted Operating Budget. These expenditures total \$500,000 for 2009-2010 and \$1.0 million ongoing for additional chemical costs.

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:	\$500,000	SNI Area:	N/A
Appn. #:	4679	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

3. Digester Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2006
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	3rd Qtr. 2008
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2008
Council District:	4	Revised Completion Date:	4th Qtr. 2018
Location:	Water Pollution Control Plant		

Description: This project will include structural rehabilitation to address cracks in the existing concrete digestion tanks. This project will also include mechanical rehabilitation and/or replacement to restore digester performance and facilitate the addition of a fats, oils, and grease receiving station for digesting grease.

Justification: Five out of 16 concrete digesters are currently non-operational due to structural damage and lack of adequate mixing capability. This project will maintain the integrity of the digesters, ensure reliability of the digestion facility, and allow for the digestion of scum and grease.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design				2,000					2,000		2,000
Construction					9,500	10,000	10,000	10,000	39,500	55,900	95,400
Master Plan/Study		700	700								700
TOTAL		700	700	2,000	9,500	10,000	10,000	10,000	41,500	55,900	98,100

FUNDING SOURCE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
San José-Santa Clara Treatment Plant Capital Fund		700	700	2,000	9,500	10,000	10,000	10,000	41,500	55,900	98,100
TOTAL		700	700	2,000	9,500	10,000	10,000	10,000	41,500	55,900	98,100

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2008-2012 CIP - increase of \$1.6 million based on revised estimates during initial study.
 2009-2013 CIP - increase of \$84 million to fund construction/rehabilitation costs due to increased project scope.
 2010-2014 CIP - increase of \$11.5 million due to increased project scope.

Notes:

Replaces a formerly ongoing allocation titled "Scum Digestion".

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$1,000,000	SNI Area:	N/A
Appn. #:	4127	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

4. Environmental Services Building (ESB) Repair

CSA: Environmental and Utility Services **Initial Start Date:** 2nd Qtr. 2008
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** 4th Qtr. 2009
Council District: 4 **Revised Completion Date:**
Location: Water Pollution Control Plant

Description: This project includes the correction of water intrusion and infiltration problems, improvement of interior air quality, removal of mold contamination within the building, installation of a new roofing system, and achievement of LEED certification for the repaired building.

Justification: The majority of the existing building is currently not in use as a result of potential health hazards associated with the presence of mold. The repairs provided in this project will restore the facility for beneficial occupancy and use, as well as prevent the recurrence of water infiltration and mold.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design		670	281								281
Construction		5,310	3,753	1,946					1,946		5,699
Post Construction		20		20					20		20
TOTAL		6,000	4,034	1,966					1,966		6,000

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	6,000	4,034	1,966						1,966		6,000
TOTAL	6,000	4,034	1,966						1,966		6,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

Funding for this project has been front-loaded; unused funding will be rebudgeted until this project is completed. This project began as part of the Plant Infrastructure Improvement project in 2007-2008. \$218,000 was spent in the Plant Infrastructure Improvement project for ESB Repair in 2007-2008.

FY Initiated:	2008-2009	Redevelopment Area:	N/A
Initial Project Budget:	\$6,000,000	SNI Area:	N/A
Appn. #:	6507	USGBC LEED:	Silver

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

5. Headworks Enhancement

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2009
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	4th Qtr. 2011
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: The new headworks was designed to operate in parallel with the old headworks to handle supplementary flows during wet weather. This project will include modifications to the Plant's headworks to allow the new headworks to handle all flows to the Plant with the old headworks out of service. Modifications would include adding gates and piping connections between existing junction structures to reroute flows and constructing a new septage receiving station.

Justification: This project will allow for the old headworks, which was built in the mid 1950s and early 1960s, to be shutdown for maintenance and rehabilitation.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design			330						330		330
Bid & Award			10						10		10
Construction			160	3,500					3,660		3,660
TOTAL			500	3,500					4,000		4,000

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	500	3,500	4,000	4,000
TOTAL	500	3,500	4,000	4,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

Funding for this project has been front-loaded; unused funding will be rebudgeted until the project is completed.

FY Initiated:	2009-2010	Redevelopment Area:	N/A
Initial Project Budget:	\$4,000,000	SNI Area:	N/A
Appn. #:	7073	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

6. Land Management & Improvements

CSA:	Environmental and Utility Services	Initial Start Date: 2nd Qtr. 1997
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 1st Qtr. 2007
Council District:	4	Revised Completion Date: 2nd Qtr. 2010
Location:	Water Pollution Control Plant	

Description: This project provides resources for the environmental planning and review of technical issues related to the development and evaluation of possible alternative uses of salt pond A-18 and the San José/Santa Clara Water Pollution Control Plant buffer lands.

Justification: The department purchased salt pond A-18 in 2003. As the owner of pond A-18, the City will be required to plan for future uses of A-18. In addition, the City is also in negotiations with the State Water Resources Control Board for the management and restoration of the Moseley tract.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Property & Land	20,318			250					250		20,568
TOTAL	20,318			250					250		20,568

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	20,318			250					250		20,568
TOTAL	20,318			250					250		20,568

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

1999-2003 CIP - increase of \$15 million to address scope changes.

2005-2009 CIP - increase of \$500,000 for alternative use analysis, property management, and development of salt pond A18.

2007-2011 CIP - decrease of \$5 million to address scope changes.

Notes:

Funding for the restoration of the Moseley land tract, formerly funded in the Salt Marsh Restoration appropriation, is now programmed in this Land Management and Improvements category. This project was previously titled "Land Acquisitions and Improvements."

FY Initiated:	1996-1997	Redevelopment Area:	N/A
Initial Project Budget:	\$10,100,000	SNI Area:	N/A
Appn. #:	6147	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

7. Plant Electrical Reliability

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2003
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:** 3rd Qtr. 2008
Department: Environmental Services **Initial Completion Date:** 2nd Qtr. 2015
Council District: 4 **Revised Completion Date:**
Location: Water Pollution Control Plant

Description: This project will include a multi-phase construction schedule based upon a study completed in 2004. The project will replace substations and switches, modify power distribution buses and cabling, and provide backup systems to enhance the overall safety and reliability of the plant electrical systems.

Justification: The current power distribution network has grown in a patched manner over the years, and many electrical system components have reached the end of their service life. This project will address immediate safety needs, as well as provide for future reliability needs.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design	9	5,186	4,786								4,795
Construction				20,900	20,000	9,000	6,000	4,600	60,500	15,000	75,500
TOTAL	9	5,186	4,786	20,900	20,000	9,000	6,000	4,600	60,500	15,000	80,295

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	9	5,186	4,786	20,900	20,000	9,000	6,000	4,600	60,500	15,000	80,295
TOTAL	9	5,186	4,786	20,900	20,000	9,000	6,000	4,600	60,500	15,000	80,295

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2005-2009 CIP - increase of \$33.5 million to fund construction/rehabilitation costs due to increased project scope.
 2007-2011 CIP - increase of \$15.6 million to fund construction/rehabilitation costs due to increased project scope.
 2008-2012 CIP - increase of \$26.5 million to fund construction/rehabilitation costs due to increased project scope.
 2009-2013 CIP - decrease of \$3 million to reflect a project scope change.

Notes:

Replaces a formerly ongoing allocation titled "Electrical System Improvements".

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:	\$7,671,000	SNI Area:	N/A
Appn. #:	4341	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

8. SBWR Reservoir Facility

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2008
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	3rd Qtr. 2009
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2010
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: The South Bay Advanced Recycled Water Treatment facility project is a jointly funded project with the Santa Clara Valley Water District (SCVWD) and includes construction of all facilities necessary to produce 8 million gallons of high-purity, recycled water that will be blended with the existing recycled water supply. The project includes 10 million gallons per day (MGD) of microfiltration (MF) capacity, 8 MGD of Reverse Osmosis (RO) capacity, and 10 MGD of Ultra Violet (UV) disinfection capacity. The project will also include all site work, structural, architectural, geotechnical, building mechanical, pumping, piping, controls and instrumentation, chemical storage and delivery systems, product storage tanks, and electrical improvements necessary to provide a fully functioning system.

Justification: Construction of the facility will improve the reliability of recycled water production, and improve the recycled water quality to the level established by the SCVWD.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Construction		6,000		6,000					6,000		6,000
TOTAL		6,000		6,000					6,000		6,000
FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		6,000		6,000					6,000		6,000
TOTAL		6,000		6,000					6,000		6,000
ANNUAL OPERATING BUDGET IMPACT (000'S)											
TBD											
TOTAL											

Major Changes in Project Cost:

None

Notes:

This project is also referred to as "South Bay Water Recycling Water Storage Facility". Funding for this project has been front-loaded; unused funding will be rebudgeted until this project is completed. The SBWR Reservoir Facility is expected to have minimal operating impact, however, the exact impact cannot be determined until the terms of the project are finalized with the SCVWD.

FY Initiated:	2007-2008	Redevelopment Area:	N/A
Initial Project Budget:	\$6,000,000	SNI Area:	N/A
Appn. #:	6508	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

9. Secondary and Nitrification Clarifier Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date:	3rd. Qtr. 2009
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	4th Qtr. 2018
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This project will include systematic rehabilitation of existing secondary and nitrification clarifiers, including coating of concrete and rehabilitation of clarifier mechanisms. The clarifiers are large concrete tanks that serve to treat the wastewater by allowing for solids to settle out to the bottom of the tanks. The treated wastewater flows over weirs to the next treatment phase and the solids are removed from the bottom of the clarifiers for further treatment.

Justification: This project is needed to ensure the structural integrity and reliability of the aging clarifiers.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Design			1,000						1,000		1,000
Construction				2,000	4,000	4,000	4,000	4,000	14,000	20,000	34,000
TOTAL			1,000	2,000	4,000	4,000	4,000	4,000	15,000	20,000	35,000

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	1,000	2,000	4,000	4,000	4,000	4,000	15,000	20,000	35,000
TOTAL	1,000	2,000	4,000	4,000	4,000	4,000	15,000	20,000	35,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2009-2010	Redevelopment Area:	N/A
Initial Project Budget:	\$35,000,000	SNI Area:	N/A
Appn. #:	7074	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

10. Revised South Bay Action Plan - SBWR Extension

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: The National Pollutant Discharge Elimination System (NPDES) permit requires continued development of the South Bay Water Recycling (SBWR) system to increase use of recycled water and further reduce Plant discharge. This allocation will fund the development and future construction of an advanced water treatment facility in partnership with the Santa Clara Valley Water District. In addition, this allocation funds future recycled water projects not yet identified.

Justification: The Revised South Bay Action Plan, adopted by the City Council in June 2001, provides for an integrated, cost-effective combination of water conservation, industrial reuse and water recycling projects. The SBWR Extension Project includes construction of extensions to the existing recycled water distribution system that will provide additional capacity and ensure diversification of a beneficial resource while reducing flow to the Bay.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Development											
Design											
Construction		20,783	6,808	14,364	389	389	389	389	15,920		
TOTAL		20,783	6,808	14,364	389	389	389	389	15,920		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		20,783	6,808	14,364	389	389	389	389	15,920
TOTAL		20,783	6,808	14,364	389	389	389	389	15,920

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. A \$389,000 annual allocation beginning in 2005-2006 represents recycled water pipeline funding from Calpine for their share of the pipeline to the Metcalf Energy Center. This allocation is anticipated to fund future recycled water projects.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	6589	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

11. Equipment Replacement

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:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for the replacement and rehabilitation of Water Pollution Control Plant (WPCP) equipment. Equipment anticipated to be replaced or rehabilitated within the five-year horizon includes air compressors, tanks, pumps, motors, control systems, valves, heat exchangers, engine auxiliaries, lab instruments and other equipment as required. Existing engine-generators and engine-blowers will be retrofitted to meet Air Quality Board emission requirements.

Justification: Replacement and rehabilitation of WPCP equipment is necessary as a result of wear, obsolescence or regulatory requirements. Replacement and rehabilitation will ensure continued efficient operation of the Plant facilities.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Equipment		7,031	4,781	4,630	2,150	1,925	1,660	1,525	11,890		
TOTAL		7,031	4,781	4,630	2,150	1,925	1,660	1,525	11,890		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		7,031	4,781	4,630	2,150	1,925	1,660	1,525	11,890
TOTAL		7,031	4,781	4,630	2,150	1,925	1,660	1,525	11,890

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	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4332	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

12. Plant 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:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for improvements, rehabilitation, or replacement of existing Plant infrastructure and fixed works; process facilities; buildings, structures and supporting facilities; piping and auxiliaries; instrumentation; and electrical generation, distribution and control systems.

Justification: Rehabilitation, improvements, and replacement of capital infrastructure are necessary to maintain process viability and to ensure regulatory compliance, structural integrity, reliability, functionality, and safety of Plant buildings and process facilities for intended uses.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Construction		11,927	10,902	6,763	8,840	11,800	13,110	20,770	61,283		
TOTAL		11,927	10,902	6,763	8,840	11,800	13,110	20,770	61,283		

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		11,927	10,902	6,763	8,840	11,800	13,110	20,770	61,283		
TOTAL		11,927	10,902	6,763	8,840	11,800	13,110	20,770	61,283		

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	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5690	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

13. Unanticipated/Critical Repairs

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:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides funding for any unanticipated and/or critical repairs.

Justification: It is necessary to have funds available to facilitate a rapid response in the event that critical repairs are required to plant infrastructure, or an unforeseen situation arises during project construction.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Construction		332	332	250	250	250	250	250	1,250		
TOTAL		332	332	250	250	250	250	250	1,250		

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		332	332	250	250	250	250	250	1,250		
TOTAL		332	332	250	250	250	250	250	1,250		

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	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5691	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

14. Payment for Clean Water Financing Authority Trustee

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:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for administrative costs of the San José/Santa Clara Clean Water Financing Authority related to bond issues, including necessary audits, transfers, registration, investment, and disbursement fees.

Justification: Services from the Clean Water Financing Authority are necessary to administer financing issued for the Plant.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Program Management		82	82	5	5	5	5	5	25		
TOTAL		82	82	5	5	5	5	5	25		
FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		82	82	5	5	5	5	5	25		
TOTAL		82	82	5	5	5	5	5	25		
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	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	6584	USGBC LEED:	N/A

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Detail of Capital Projects

15. Plant Master Plan

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2006
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	3rd Qtr. 2007
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2008
Council District:	4	Revised Completion Date:	1st Qtr. 2011
Location:	Water Pollution Control Plant		

Description: The Plant Master Plan (PMP) will provide San José/Santa Clara Water Pollution Control Plant with a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and to meet existing and anticipated regulatory requirements through the year 2040. The PMP will need to address both public health and environmental protection issues while ensuring reliable service at affordable rates for area customers.

Justification: Since the Plant is over 50 years old, major infrastructure upgrades are needed in the short- and long-term. A single PMP will ensure the continuity and integration of major Plant facilities planning, construction, and operation for the next 30 years with a common set of goals and objectives to meet public health, regulatory, and community objectives.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Master Plan/Study	572	4,828	4,448	2,780	2,400				5,180		10,200
TOTAL	572	4,828	4,448	2,780	2,400				5,180		10,200

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	572	4,828	4,448	2,780	2,400				5,180		10,200
TOTAL	572	4,828	4,448	2,780	2,400				5,180		10,200

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2008-2012 CIP - increase of \$5 million due to the changed project scope to cover all of the Plant's process, operations, and land uses.

2009-2013 CIP - increase of \$4.2 million due to the changed project scope to cover outreach and environmental regulation clearance.

Notes:

Replaces the formerly titled "Bio-solids Master Plan".

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$1,000,000	SNI Area:	N/A
Appn. #:	4120	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

16. Public Works Capital Management Costs

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Public Works **Initial Completion Date:** Ongoing
Council District: N/A **Revised Completion Date:**
Location: N/A

Description: This allocation funds the fair share of Public Works Department administrative and management costs necessary to ensure the delivery of capital projects.

Justification: This allocation is required to recover the actual administrative and management costs incurred when delivering capital projects.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Program Management		12	12	5	8	6	6	6	31		
TOTAL		12	12	5	8	6	6	6	31		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	12	12	5	8	6	6	6	6	31		
TOTAL		12	12	5	8	6	6	6	31		

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 **Redevelopment Area:** N/A
Initial Project Budget: **SNI Area:** N/A
Appn. #: 6000 **USGBC LEED:** N/A

Water Pollution Control
 2010-2014 Adopted Capital Improvement Program
 Detail of Capital Projects

17. State Revolving Fund Loan Repayment

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 1998
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2019
Council District:	N/A	Revised Completion Date:	
Location:	N/A		

Description: This allocation provides for the repayment of low interest State loans awarded for South Bay Water Recycling projects.

Justification: This is a contractual obligation. The loans will be repaid over a 20-year period.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Debt Service	41,348	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	22,320	90,452
TOTAL	41,348	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	22,320	90,452

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund	41,348	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	22,320	90,452
TOTAL	41,348	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	22,320	90,452

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

None

Notes:

FY Initiated:	1998-1999	Redevelopment Area:	N/A
Initial Project Budget:	\$87,533,000	SNI Area:	N/A
Appn. #:	6590	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

18. Transfer to Clean Water Financing Authority Debt Service Payment Fund

CSA:	Environmental and Utility Services	Initial Start Date: 2nd Qtr. 1996
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 4th Qtr. 2020
Council District:	N/A	Revised Completion Date:
Location:	N/A	

Description: This funding provides for the transfer of funds for the payment of the 1995 Series A and B Revenue Bonds to the Clean Water Financing Authority Debt Service Payment Fund.

Justification: Repayment of bonds is a requirement of the bonding agreement.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Debt Service	14,881	10,723	10,723	6,981	6,977	6,956	6,947	6,952	34,813	37,131	97,548
TOTAL	14,881	10,723	10,723	6,981	6,977	6,956	6,947	6,952	34,813	37,131	97,548

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund	14,881	10,723	10,723	6,981	6,977	6,956	6,947	6,952	34,813	37,131	97,548
TOTAL	14,881	10,723	10,723	6,981	6,977	6,956	6,947	6,952	34,813	37,131	97,548

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2007-2011 CIP - Increase of \$73 million. This reflects a number of actions: 1) Beginning 2006-2007, the San José portion of the debt service payment of \$5.5 million annually will be included in this fund. This was previously reflected in the Sewer and Service Use Charge Fund. 2) Bond A was refinanced on 11/15/2005 and Bond B was refinanced on 12/07/2005. These refinancings resulted in a savings of \$24,325,971. 3) Beginning in 2008-2009, the amount includes a forecast of additional bond debt of \$50 million for the Electrical Reliability Project.

2008-2012 CIP - Decrease of \$25 million to reflect the dropping of the \$50 million bond for the Plant Electrical Reliability Project.

2010-2014 CIP - Increase of \$12.6 million due to an inadvertent error in prior budgets, which omitted the portion of the Debt Service paid for by the Tributary Agencies from the totals displayed in the CIP.

Notes:

FY Initiated:	2001-2002	Redevelopment Area:	N/A
Initial Project Budget:	\$34,851,000	SNI Area:	N/A
Appn. #:	0005	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

19. Reserve for Electrical Reliability Improvements Project

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This reserve will set aside funding for the Plant's Electrical Reliability Improvements project.

Justification: To ensure the timely delivery of funding at the lowest possible cost, ending fund balance needs to be reserved for this priority project.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Reserve		5,305		5,305					5,305		5,305
TOTAL		5,305		5,305					5,305		5,305

FUNDING SOURCE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
San José-Santa Clara Treatment Plant Capital Fund		5,305		5,305					5,305		5,305
TOTAL		5,305		5,305					5,305		5,305

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2008-2009	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	8226	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

20. Reserve for Equipment Replacement

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This reserve provides for the replacement and rehabilitation of equipment which, due to age, wear, or obsolescence, must be replaced for the efficient operation of the Plant. Reserved funds are available to pay for unforeseen extraordinary costs to the extent that there are no other funds budgeted for such purposes.

Justification: Provisions of the Improvement Agreement between the San José/Santa Clara Clean Water Financing Authority and bondholders, as well as the adopted Master Agreements for Wastewater Treatment with the various tributary agencies, require that replacement funds be segregated.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Reserve		5,000		5,000					5,000		5,000
TOTAL		5,000		5,000					5,000		5,000

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		5,000		5,000					5,000		5,000
TOTAL		5,000		5,000					5,000		5,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

Unexpended funds are rebudgeted each year.

FY Initiated:	1982-1983	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	8908	USGBC LEED:	N/A

Water Pollution Control
2010-2014 Adopted Capital Improvement Program
Detail of Capital Projects

21. Reserve for Rate Studies

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This funding provides a reserve for the study and review of rate structures within the industry.

Justification: Future uncertainty requires that provisions be made to ensure the continual operation of the facility. As a result, future costs and revenues must be controlled and managed. Rate studies are needed periodically to assess the industry norms and anticipate future changes whenever possible.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2008-09 Appn.	2008-09 Estimate	2009-10	2010-11	2011-12	2012-13	2013-14	5-Year Total	Beyond 5-Year	Project Total
Reserve		200		200					200		200
TOTAL		200		200					200		200
FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		200		200					200		200
TOTAL		200		200					200		200
ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4674	USGBC LEED:	N/A

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Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Summary of Projects that Start after 2009-2010

Project Name: Digester Gas Line Replacement
5-Year CIP Budget: \$10,300,000
Total Budget: \$10,300,000
USGBC LEED N/A

Council District: 4
Estimated Start Date: 3rd Qtr. 2009
Estimated End Date: 4th Qtr. 2011

Description: This project adds digester gas lines to replace the existing main digester gas lines that are leaking at the pipe joints. This project was originally scheduled to begin in 2007-2008, but has been delayed in order to allow time for a pre-design study to explore the suitability of digesting alternate feedstock, including fats, oil and grease, and organic wastes.

Project Name: Dissolved Air Flotation Pressure Retention Tank & Valves
5-Year CIP Budget: \$1,100,000
Total Budget: \$2,716,000
USGBC LEED N/A

Council District: 4
Estimated Start Date: 3rd Qtr. 2005
Estimated End Date: 4th Qtr. 2016

Description: This project will replace 15 of the 16 pressurized tanks and their valves located in the sludge processing area. Four tanks will be replaced every two years.

Project Name: Filtration Action Plan - Valve Replacement
5-Year CIP Budget: \$7,000,000
Total Budget: \$11,000,000
USGBC LEED N/A

Council District: 4
Estimated Start Date: 3rd Qtr. 2010
Estimated End Date: 3rd Qtr. 2015

Description: This project will involve replacing leaking valves in the filtration building. There are a total of 108 valves, including backwash, isolation, drain, influent, and surface wash valves.

Project Name: Fire Line Replacement
5-Year CIP Budget: \$800,000
Total Budget: \$1,150,000
USGBC LEED N/A

Council District: 4
Estimated Start Date: 3rd Qtr. 2007
Estimated End Date: 2nd Qtr. 2013

Description: This project will replace a total of 14,400 ft. of ductile iron pipe, 34 fire hydrants, 34 gate valves, and will add additional isolation valves that are not currently in the system.

Project Name: Reserve for Plant Master Plan Improvements
5-Year CIP Budget: \$10,000,000
Total Budget: \$90,000,000
USGBC LEED N/A

Council District: 4
Estimated Start Date: N/A
Estimated End Date: N/A

Description: This reserve sets aside future funding for the Plant Master Plan and Improvements project.

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Summary of Projects that Start after 2009-2010

Project Name: WPCP Reliability Improvements
Phase II

Council District: 4

5-Year CIP Budget: \$5,000,000

Estimated Start Date: 3rd Qtr. 2012

Total Budget: \$35,000,000

Estimated End Date: 4th Qtr. 2017

USGBC LEED N/A

Description: This project will include the rehabilitation of the existing older headworks, including coating of concrete, and rehabilitation or replacement of existing pre-treatment equipment. This project will maintain the integrity and ensure the reliability of the existing system.

Project Name: Warehousing Facility Additions

Council District: 4

5-Year CIP Budget: \$1,230,000

Estimated Start Date: 3rd Qtr. 2010

Total Budget: \$1,230,000

Estimated End Date: 2nd Qtr. 2012

USGBC LEED N/A

Description: This project will include an assessment of current inventory control programs and inventory storage needs and provide for covered storage facilities for wastewater treatment spare equipment, parts, and materials.

Water Pollution Control

2010-2014 Adopted Capital Improvement Program

Explanation of Funds

Revenues and expenditures for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant are accounted for by the City of San José, as administering agency, through the San José-Santa Clara Water Pollution Control Plant Operating Fund (Operating Fund) and the San José-Santa Clara Treatment Plant Capital Fund (Capital Fund), established by Ordinance 7214 in July 1959.

Revenues from Tributary Agencies of the San José-Santa Clara Water Pollution Control Plant are recorded directly into the Treatment Plant Operating and Capital Funds respectively. The Tributary Agencies include the City of Milpitas, City of Cupertino, Burbank and Sunol Sanitary Districts, County Sanitation District No. 2-3, and West Valley Sanitation District.

Tributary Agencies are assessed for their share of annual operation, maintenance, equipment, and facilities replacement and capital costs, based on their respective flow and strength of sewage conveyed to the Plant.

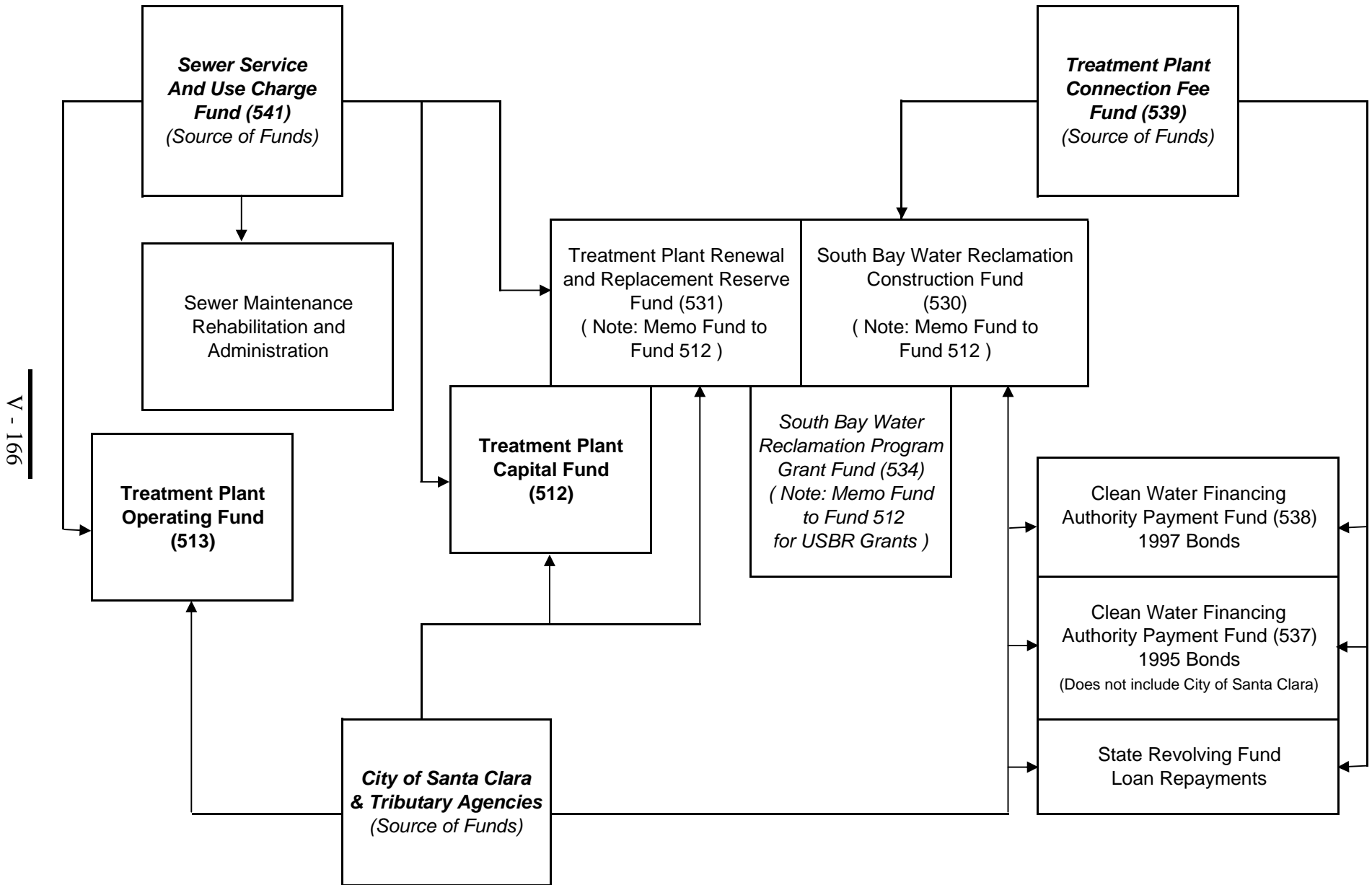
The San José Sewer Service and Use Charge Fund was established by the San José City

Council by Ordinance Number 7308, adopted in August 1959. This fund is the depository of revenues from Sewer Service and Use Charges received from residential, commercial, and industrial users of the sanitary sewer system. A portion of these moneys are transferred to the Treatment Plant Operating and Capital Funds to pay for the City of San José's share of operating and capital costs of the Water Pollution Control Plant.

The Santa Clara Sewer Revenue Fund was established by Resolution Number 916 of the City Council of Santa Clara in October 1960. Like the City of San José, revenues from this fund are transferred directly to the Treatment Plant Operating and Capital Funds.

The Treatment Plant Capital Fund provides all moneys used for capital projects. Included in this fund is the Treatment Plant Renewal and Replacement Fund. This fund was established to satisfy the Water Pollution Control Plant's federal and State grant agreements as well as to comply with bond covenants.

WATER POLLUTION CONTROL PLANT FLOW AND PRIORITY OF FUNDS



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The arrows indicate the flow of funds from each of the various sources to the fund in which the revenues are expended.