

CITY OF SAN JOSE 2011-2012 ADOPTED CAPITAL BUDGET

CAPITAL BUDGET GUIDE

The Capital Budget document includes the **City Manager's Budget Message** that outlines significant policy issues by City Service Area (CSA). The **Community Profile** section includes basic City information and data, the roster of elected officials, as well as a listing of significant State and local voter approved initiatives. The **Budget Guide** section provides a flow chart of the City of San José's annual budget process, a capital program organization chart by CSA, this capital budget guide, a glossary of terms, fund descriptions, and an acronyms index. **Summary Information** of expected revenues and expenditures is then presented, along with one-year and five-year comparisons to the prior Adopted Capital Budget and Capital Improvement Program (CIP), and the comparative five-year history of the total CIP. The **Budget Policies and Practices** section includes budgeting policies, significant accounting practices, and information regarding debt service obligations.

CAPITAL PROGRAMS BY CITY SERVICE AREA

The Capital Budget document includes the following programs organized by CSA:

Community and Economic Development CSA

- Developer Assisted Projects Capital Program

Environmental and Utility Services CSA

- Sanitary Sewer System Capital Program
- Storm Sewer System Capital Program
- Water Pollution Control Capital Program
- Water Utility System Capital Program

Neighborhood Services CSA

- Library Capital Program
- Parks and Community Facilities Development Capital Program

Public Safety CSA

- Public Safety Capital Program

Transportation and Aviation Services CSA

- Airport Capital Program
- Parking Capital Program
- Traffic Capital Program

Strategic Support CSA

- Communications Capital Program
- Municipal Improvements Capital Program
- Service Yards Capital Program

CSA OVERVIEWS

Each section includes a brief overview of the Capital Programs contained within that CSA, a performance measures summary, and a listing of all the projects funded within that CSA.

CAPITAL PROGRAMS

Each capital program is organized as follows:

Program Charts

The charts at the front of each program illustrate sources and uses of funds in 2011-2012 and the total program allocation for this CIP and the previous four CIPs.

Maps

The majority of the capital programs include maps that illustrate the location of individual projects programmed in the Five-Year CIP.

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CAPITAL PROGRAMS (CONT'D.)

Program Overview

In order to summarize the key elements of the Five-Year CIP, departments prepare a narrative statement for each program. Program Overviews may vary slightly in presentation styles, but all programs include several of the following key elements:

- **Introduction:** This section provides a brief description of the program, including a discussion of the CSA supported by the program and the associated CSA outcomes.
- **Program Priorities and Objectives:** This section includes a description of how projects were prioritized and tied to the CSA outcomes and performance goals. This section also includes a discussion of the relationship of the program to overall program objectives and adopted standards or service levels.
- **Sources of Funding:** This section describes the various funding sources for each capital program. The assumptions that were used in arriving at revenue projections and any major changes in revenue streams are also discussed.
- **Program Highlights:** This section describes the major projects included in the Five-Year CIP. The discussion of these projects is often grouped by functional program within each CIP.
- **Major Changes from the 2011-2015 Adopted CIP:** This section summarizes the major changes from the prior Adopted CIP.
- **Operating Budget Impact:** This section includes a general description of the operating impacts along with a chart that lists the annual operating costs associated with the individual projects included in the capital program. Costs are shown starting in the year the projects will be finished and for the remainder of the five-year period, with the exception of projects that have costs in the first year of the CIP. For those first year projects, the operating costs have been addressed in the Operating Budget. The estimated costs for the remaining years of the CIP are provided by departments and have not yet been fully analyzed by the City Manager's Budget Office. The analysis may well result in different costs when the actual budget for the year in question is developed.
- **Furnishings, Fixtures and Equipment Summary:** This section includes a summary of the furnishings, fixtures and equipment (FF&E) costs for the General Obligation Bond projects in the Public Safety, Library, and Parks and Community Facilities Development Capital Programs. FF&E costs are not eligible for funding from bond proceeds, and alternate funding must be provided.
- **Council-Approved Revisions to the Proposed Capital Improvement Program:** This section summarizes changes to the Proposed CIP that were approved in the June budget hearings.

Source and Use of Funds

A Source of Funds Statement and a Use of Funds Statement are included for all programs. These statements display all capital revenues by fund and all capital expenditures

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CAPITAL PROGRAMS (CONT'D.)

Source and Use of Funds (Cont'd.)

by line item in the year they are anticipated to be received and expended.

Line items are generally grouped into two categories: construction projects and non-construction expenditures. Construction projects include items such as land acquisition, design, construction, and equipment associated with a project. Non-construction items include payments to other agencies, reserves, studies, transfers, equipment not associated with a specific project, and overhead-related expenses.

The current year revenues and expenditures are also displayed on the Source of Funds and Use of Funds Statements, but are not reflected in five-year totals because the Five-Year CIP relates to the upcoming five years rather than the current year. A Use of Funds by Funding Source statement for the first year of the CIP is provided for those programs with multiple funding sources in order to summarize the amount contributed by each funding source for a particular project.

Detail of Capital Projects

The Detail Pages provide information on individual capital projects that are budgeted in 2011-2012, including a project description and a breakdown of the project cost elements and funding sources.

Detail of Construction Projects

Following are explanations for each section of the Construction Projects detail page:

- **CSA:** Lists the City Service Area (CSA) associated with the project.
- **CSA Outcome:** Lists the outcome(s) for the CSA supported by the project.
- **Department:** Lists the department responsible for the project.
- **Council District:** Identifies the location of the project by Council District.
- **Location:** Lists the address or physical location of the project.
- **Initial/Revised Start Date:** Lists the initial and revised (if applicable) start date, the first quarter in which charges will be/were charged against the appropriation, based on the calendar year.
- **Initial/Revised Completion Date:** Lists the initial and revised (if applicable) completion date, which is defined as the beneficial use date of the project, based on the calendar year.
- **Description:** The description outlines what the project will provide and includes details such as the size of a new facility; the types of amenities to be provided; information on whether the project renovates an existing site or is a new facility; the change in capacity of a new or improved system; the number of square miles improved or the physical boundaries of the improvement; and the type of system improvements.
- **Justification:** The project justification states why the project is necessary.
- **Expenditure Schedule:** Provides a breakdown of the project costs by fiscal

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CAPITAL PROGRAMS (CONT'D.)

Detail of Capital Projects (Cont'd.)

Detail of Construction Projects (Cont'd.)

year by cost element, including: Planning and Engineering; Supplies and Materials; Furniture, Fixtures and Equipment; Development; Property and Land; Design; Bid & Award; Construction; Post Construction; Public Art; Equipment; Maintenance; Grant; Library Materials; Reserve; Lease; Debt Service; Payments to Developers; Master Plan/Study; Advanced Planning; Training and Development; Transfers to Other Fund; Transfer to Other Agencies; Program Management; Engineering and Inspection; Joint Use Agreement; Contingency; Green Building; and Airport Program Reserve. The costs are summarized by fiscal years as follows:

- The "Prior Years" column is the total expended for the project in prior fiscal years.
- The "2010-11 Appropriation" column is the total of the current appropriation for the project plus any carryover appropriation from the prior year, including any appropriation adjustments approved to date.
- The "2010-11 Estimate" column includes all expenses and encumbrances estimated through the end of the current fiscal year.
- The "2011-12 through 2015-16 Estimate" columns provide expenditure estimates for each year of the Five-Year CIP. These figures match the expenditure figures in the five-year Use of Funds statement. A

"5-Year Total" column reflects the total amount of expenditures that are expected during the Five-Year CIP only. In addition to the "5-Year Total," a "Beyond 5-Year" column is included to reflect costs that are expected to be incurred beyond the Five-Year CIP period. The "Project Total" column reflects all prior, current, and future year expenditures.

To more accurately reflect future costs, an inflation factor of 0-1% has been added each year, depending on the type of expenditure and the fiscal year.

- **Funding Source Schedule:** The name of each fund contributing to the funding of the project is shown. The total in each year of the Funding Source Schedule matches the total in each year of the Expenditure Schedule.
- **Annual Operating Budget Impact:** This section lists, if applicable, a preliminary estimate for operating and maintenance costs that will be incurred within the next five-year period. These cost estimates are provided by the appropriate department and have not been verified by the City Manager's Budget Office. The amount that is actually budgeted does often vary from these estimates. The information included in this section is also summarized in the Program Overview. For projects that are scheduled to be completed in the first year of the CIP, the operating costs for the first year are not reflected because they have already been addressed in the Operating Budget. The following components are included in this section:

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CAPITAL PROGRAMS (CONT'D.)

Detail of Capital Projects (Cont'd.)

Detail of Construction Projects (Cont'd.)

- *Debt Service:* Debt service related to this particular project/facility for each of the five years.
- *Maintenance:* The funding required to maintain the project/facility.
- *Operating:* The operating costs associated with the project/facility.
- *Cost Offset:* Revenues associated with the project/facility or operating efficiencies.
- Major Changes in Project Cost: This section identifies the CIP (or fiscal year if the change did not occur as part of the annual budget process) in which the change occurred followed by a brief explanation of the change.
- Notes: This section provides additional information or clarification about the project.
- FY Initiated: The first fiscal year the project had funds appropriated.
- Initial Project Budget: The total project budget as it appeared in the first year the project had funds appropriated.
- Appn. #: The appropriation number for the project.
- Redevelopment Area: This section identifies whether the project is in a Redevelopment Area.

- SNI Area: This indicates the Strong Neighborhoods Initiative areas for the project, if applicable.
- USGBC LEED: This designates the level of Leadership in Energy and Environmental Design (LEED) Green Building certification based on the United States Green Building Council (USGBC) rating system.

Detail of Non-Construction Projects

It should be noted that the information provided for the Non-Construction Projects detail page is abbreviated and includes:

- CSA
- CSA Outcome
- Department
- Description
- Expenditure Schedule
- Funding Source Schedule
- Notes
- Appn. #

The transfer to the City Hall Debt Service Fund non-construction expenditure category is common to more than one program and does not have a Capital Project Detail Page. This item is described below.

- Transfer to the City Hall Debt Service Fund: These transfers cover the Program's share of City Hall, City Hall Garage, and Furniture, Fixtures, and Equipment Debt Service costs for capital-supported staff occupying City Hall.

Summary of Projects that Start After 2011-2012

This summary includes those projects that have funding budgeted starting after 2011-

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CAPITAL PROGRAMS (CONT'D.)

Summary of Projects that Start After 2011-2012 (Cont'd.)

2012. On the Use of Funds statement, these projects are not numbered.

Summary of Projects with Close-Out Costs Only in 2011-2012

This summary includes those projects that are near completion with only minimal costs to finish the project budgeted in 2011-2012. These costs typically include inspection services and program management. On the Use of Funds statement, these projects show a cost in 2011-2012, but are not numbered.

Summary of Reserves

This summary includes earmarked funding identified for specific projects. An allocation may be set aside until such time as sufficient resources are available to fund the project.

Explanation of Funds

Two capital programs, Airport and Water Pollution Control, include further descriptions of the funding structure that support their programs.