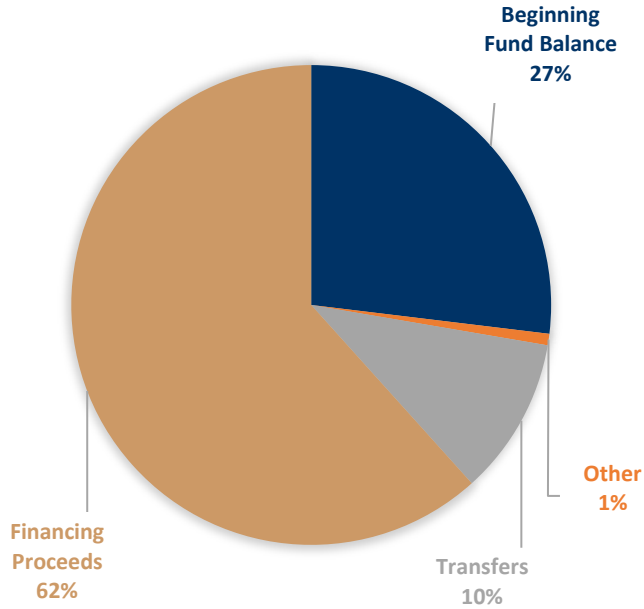


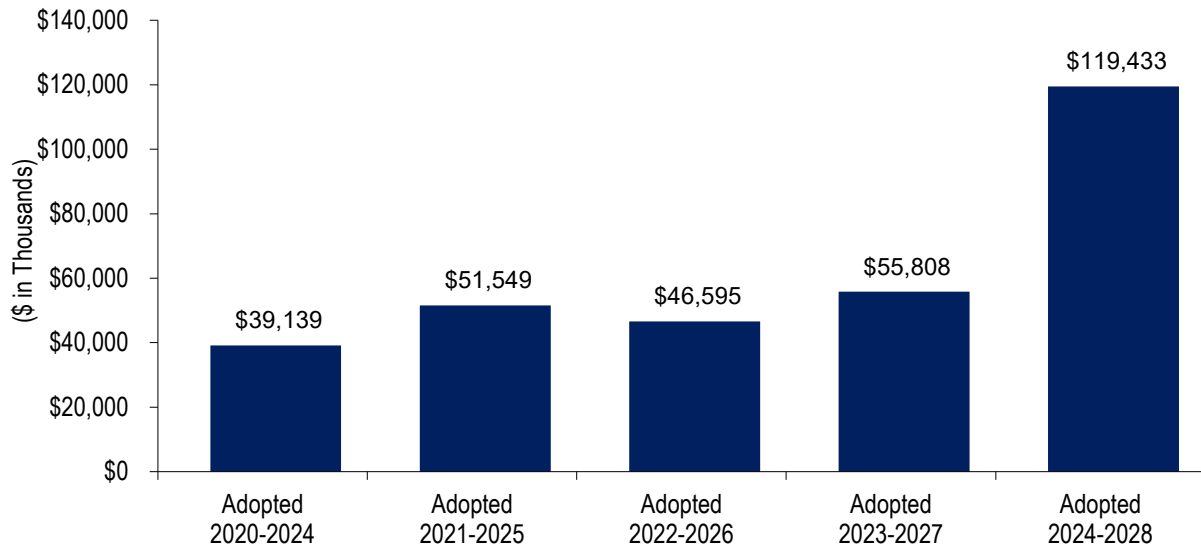
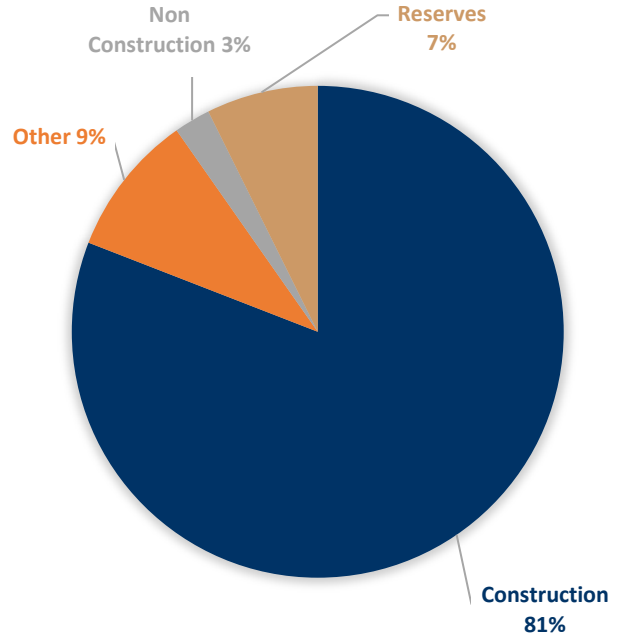
WATER UTILITY SYSTEM

2024-2028 Capital Improvement Program

2023-2024 ADOPTED SOURCE OF FUNDS



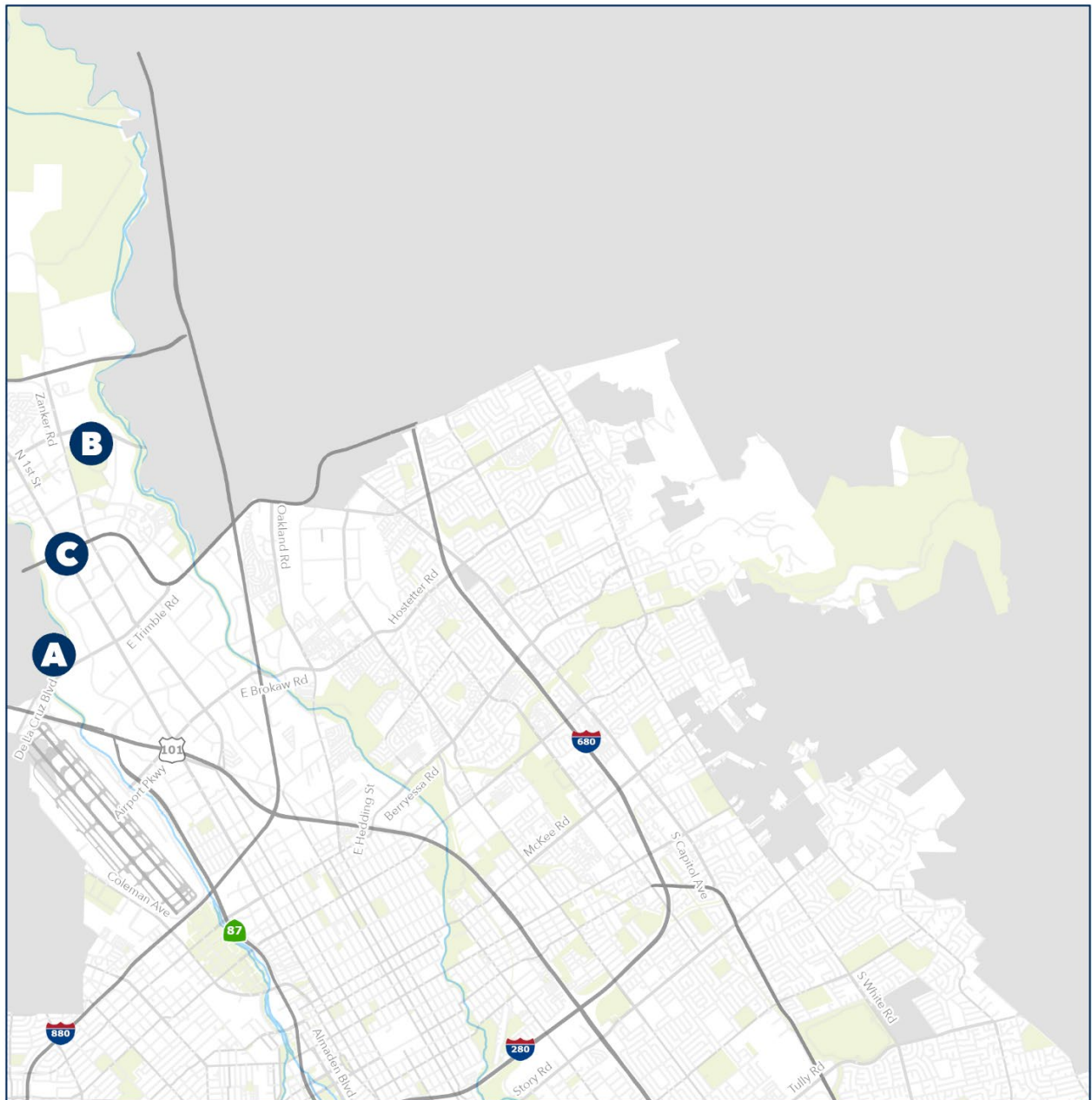
2023-2024 ADOPTED USE OF FUNDS



Water Utility System

2024-2028 Adopted Capital Improvement Program

North East

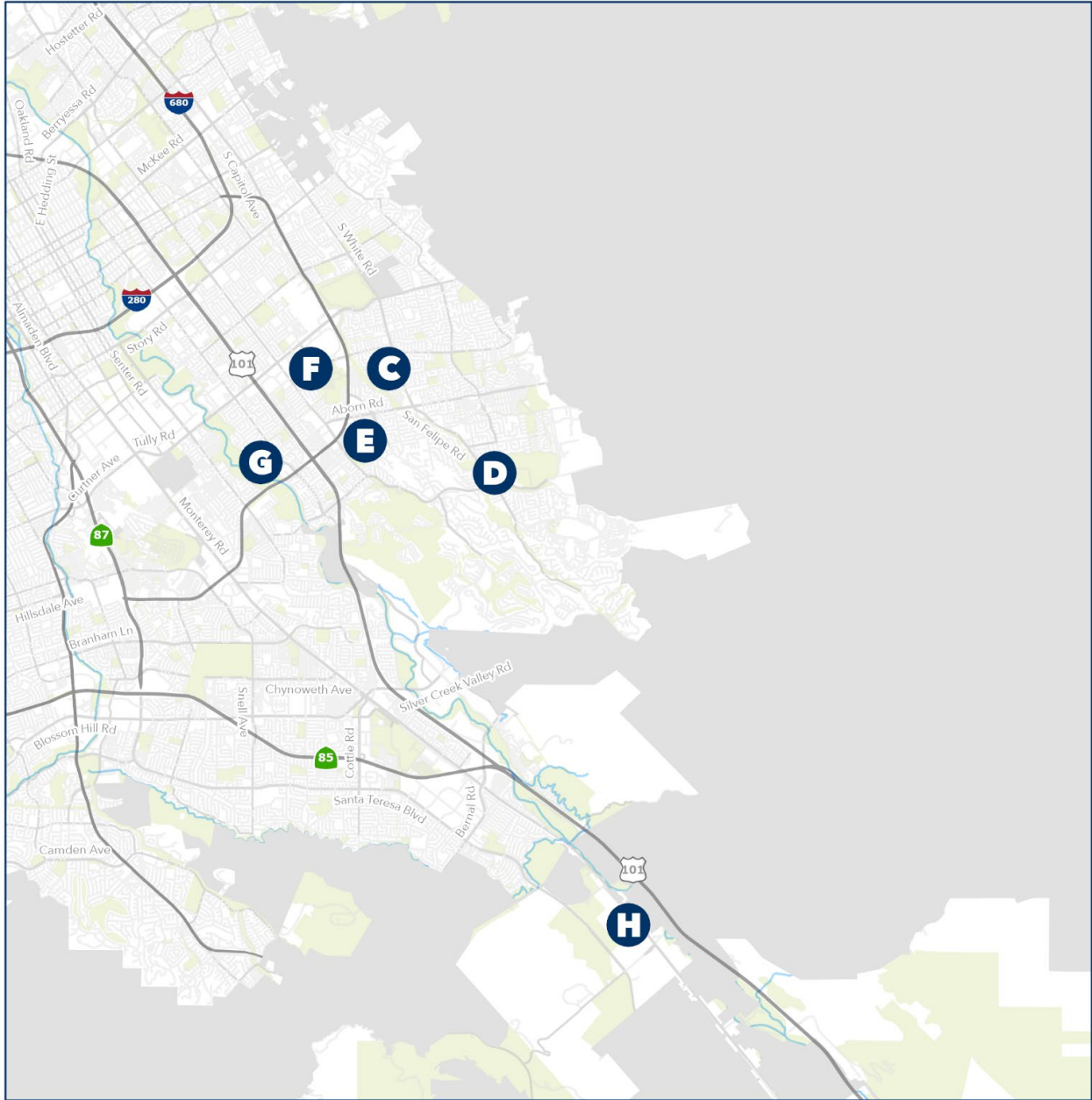


- A** North San José Reliability Well Construction
- B** North San José Well Development and Construction
- C** Advanced Metering Infrastructure Implementation

Water Utility System

2024-2028 Adopted Capital Improvement Program

South East



- C** Annual Water Main Replacement
- D** Safety and Security Improvements
- E** Advanced Metering Infrastructure Implementation
- F** Evergreen Reliability Well
- G** Water Resources Administration & Operations Facility
- H** Coyote Well Rehabilitation/Replacement

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Water Utility System

2024-2028 Adopted Capital Improvement Program

OVERVIEW

INTRODUCTION

The Water Utility System Capital Program includes the Water Utility Capital Fund and the Major Facilities Fund. The program's mission is to provide superior water service at competitive rates. The 2024-2028 Adopted Capital Improvement Program (CIP) provides funding of \$119.4 million, of which \$82.7 million is allocated in 2023-2024.

MUNICIPAL WATER SYSTEM PUBLIC INFRASTRUCTURE	
MILES OF WATER MAINS	345
NUMBER OF RESERVOIRS	17
NUMBER OF PUMP STATIONS	15
NUMBER OF GROUNDWATER WELLS	14

The San José Municipal Water System (Muni Water) provides water service to approximately 26,000 customers in five service areas of the City of San José: Alviso, North San José, Coyote Valley, Edenvale, and Evergreen. The Alviso service area (Council District 4) includes the area within the former City of Alviso. The North San José service area (Council District 4) is north of Trimble Road, between the Guadalupe River and Coyote Creek. The Coyote Valley service area (Council District 2) encompasses the area south of Tulare Hill, west of Highway 101, and north of Palm Avenue. The Edenvale service area (Council District 8) is south of Hellyer Avenue and east of Coyote Creek. The Evergreen service area coincides with the boundaries of Council District 8, east of Highway 101.

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure* and *Safe, Reliable, Sufficient Water Supply*.

PROGRAM PRIORITIES AND OBJECTIVES

Muni Water's CIP's guiding objective is to provide a safe, reliable water supply. Based on the CSA outcomes supported by this program, the following list of priorities has been developed:

- Maintain the existing water utility system infrastructure;
- Provide facilities necessary for new development as identified in the Envision San José 2040 General Plan; and
- Ensure that the fire flow pressure and volume as recommended by the San José Fire Department is maintained.



Construction of a main replacement project in North San José/Alviso

Water Utility System

2024-2028 Adopted Capital Improvement Program

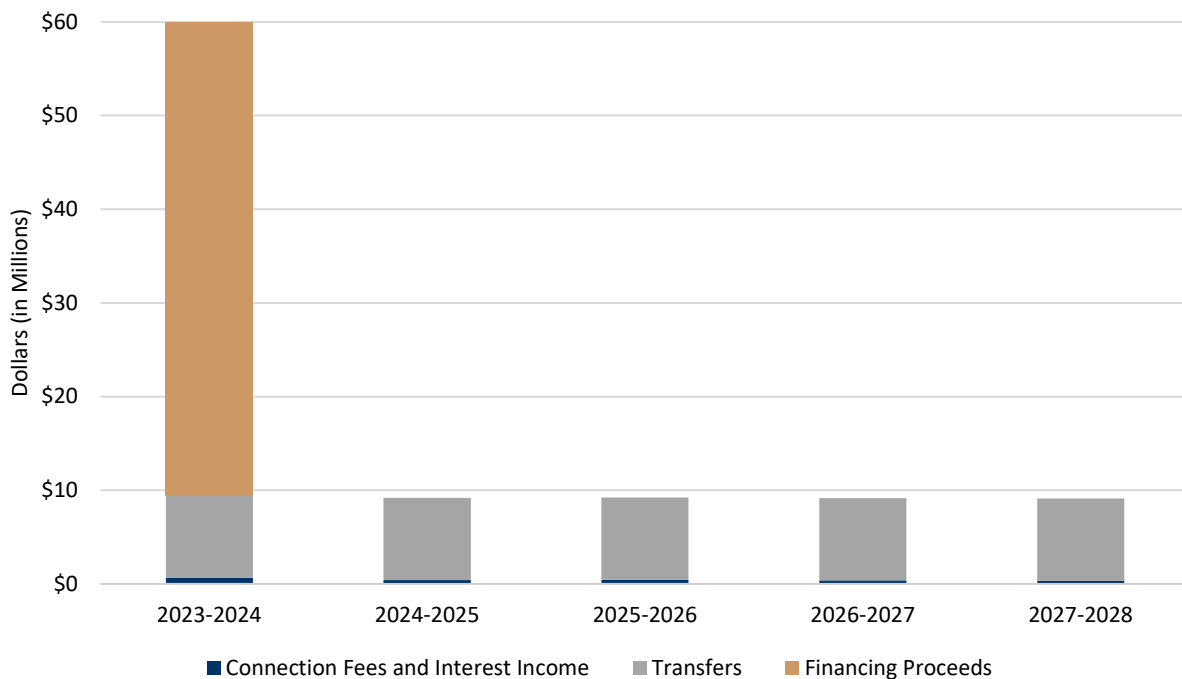
OVERVIEW

SOURCES OF FUNDING

Over the five years of the Adopted CIP, the funds available for Capital Improvements are estimated to total \$119.4 million, which consists of \$112.6 million in the Water Utility Capital Fund and \$6.9 million in the Major Facilities Fund. Revenue for the Adopted CIP is derived from a combination of funding sources: transfers from the Water Utility Fund to the Water Utility Capital Fund, fee income, and interest income. The Water Utility Fund derives its revenue primarily from water sales in the service areas. The amount of the transfer from the Water Utility Fund is \$8.8 million each year of the 5-year CIP. Fee revenue in the Water Utility Capital Fund is generated from Service Connection Fees, Advanced System Design Fees, and Meter Installation Fees. Additional financing proceeds of \$51.0 million from Commercial Paper for the Water Resources Administration and Operations Facility (WRAOF) and Advanced Metering Infrastructure Improvements is included in the 2024-2028 Adopted CIP.

Revenue in the Major Facilities Fund is generated primarily through development fees associated with the connection and operation of major water facilities in the five service areas. Revenues received from Major Water Facilities Fees are not budgeted due to the volatility of this revenue stream. Revenue will be recognized, and programmed as necessary during the year, as it is received.

Summary of Revenues



Water Utility System

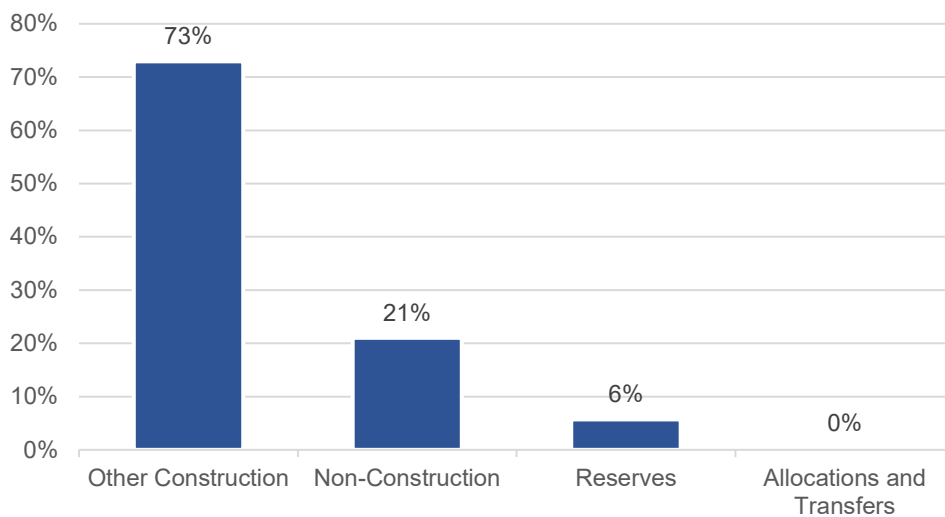
2024-2028 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

The Water Utility System Capital Program's expenditures are organized to show the use of funds in several categories, as summarized in the table below.

**2024-2028 Water Utility System
Capital Program Expenditures
\$118.0 million
(excludes Ending Fund Balance)**



To meet the service needs of new developments in the Muni Water service area, the program continues its policy of requiring developers to construct infrastructure improvements within their project area. Large water storage and conveyance infrastructure is constructed by developers or funded from the Major Facilities fees. Capital Improvements for existing customers are funded from water sale revenues, which are displayed in the 2023-2024 Adopted Operating Budget in the Water Utility Fund.

Water Utility Fund Debt Service

Two projects included in the 2024-2028 Adopted CIP will utilize debt service to fund their award and completion.

Advanced Metering Infrastructure Implementation

The Advanced Metering Infrastructure (AMI) Implementation project (\$14.5 million) will modernize the utility's water metering process. Implementation of the AMI technology will allow for automatic cellular-based transmittal of hourly or sub-hourly water consumption information for each meter. The project will allow customers to view their real-time water use trends, allow for leak notifications to customers, and collect additional consumption data that Muni Water can use to optimize its operations and reporting. Commercial Paper is projected to be used to fund \$11.0 million of this project, with payments anticipated to be completed in 2030-2031.

Water Utility System

2024-2028 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

Water Resources Administration & Operations Facility

The Adopted CIP includes the Water Resources Administration & Operations Facility, a project that will provide the Water Resources Division (the administration, management, and operations staff that supports the entire Municipal Water System of San José) of the Environmental Services Department with a new facility. Existing Water Resources Division facilities consist of three separate buildings: a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of their useful life and are in need of replacement.

The new Water Resources Administration & Operations Facility is expected to consist of one large building that will house all staff and infrastructure necessary to ensure continuous operations. The new facility is expected to include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing.

System-Wide

In an effort to maintain and upgrade the Muni Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement Project (\$10.9 million), which will prioritize water mains for replacement throughout the service areas by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe following an unexpected failure. The Adopted CIP also includes funding for System Maintenance and Repairs (\$4.6 million) and Infrastructure Improvements (\$4.4 million).

The System Rehabilitation/Replacement Reserve totals \$5.1 million in the Adopted CIP. In the event that economic or environmental conditions (for example, a drought, natural disaster, or an abrupt economic disruption) decrease revenues to the Water Utility System, use of the reserve may be required to maintain infrastructure.

North San José and Alviso Service Areas

The North San José and Alviso service areas use water supplied by the Hetch Hetchy system under the Water Supply Agreement (WSA) with the City and County of San Francisco. San José is a party to the agreement with 25 additional wholesale customer agencies. The current agreement, which will expire June 30, 2034, was approved by the City Council in June 2009.

Water Utility System

2024-2028 Adopted Capital Improvement Program

OVERVIEW

PROGRAM HIGHLIGHTS

The North San José and Alviso service areas have experienced some growth in the last several years, and continued growth is assumed in this CIP. In order to meet future demand forecasts, the City continues to work with developers to construct new groundwater wells once viable locations are determined. Increased focus on rehabilitation and construction of groundwater wells will enable Muni Water to minimize costs to customers, supply groundwater under emergency situations, and take advantage of Indirect Potable Reuse of purified water when available. The Adopted CIP includes funding for the North San José Well Development and Construction (\$4.4 million) and North San José Reliability Well Construction project (\$2.9 million).



Preparing for a water main installation

Evergreen Service Area

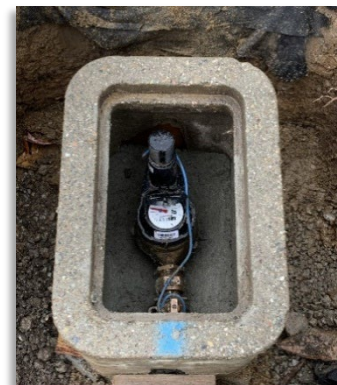
The Evergreen service area contains approximately 92% of the total customers served by the water system and accounts for approximately 67% of total water usage. Customers in the Evergreen area receive water supplied by Valley Water. The Evergreen service area has experienced minimal growth in the last several years. Included in the Adopted CIP is the design and construction of the Evergreen Reliability Well (\$1.8 million), as well as other miscellaneous improvements to extend the useful life of the system.

Edenvale Service Area

Basic water facilities for domestic supply and fire protection for the Edenvale service area north of Silver Creek Valley Road include three wells and a reservoir. Groundwater from deep-water wells provides 100% of the supply in the Edenvale service area. Projects scheduled in the Adopted CIP in the Edenvale service area include minor improvements, such as pump station maintenance and other distribution system rehabilitation.

Coyote Valley Service Area

Groundwater from deep-water wells provides 100% of the supply in the Coyote Valley service area. The area is largely undeveloped and primarily consists of designated open space. Included in the Adopted CIP is funding for Coyote Well Replacement Planning Efforts (\$465,000).



Installation of a new water meter box

Water Utility System

2024-2028 Adopted Capital Improvement Program

OVERVIEW

MAJOR CHANGES FROM THE 2023-2027 ADOPTED CIP

The overall size of the Water Utility System CIP has increased by approximately \$63.6 million from \$55.8 million in the 2023-2027 Adopted CIP to \$119.4 million in the 2024-2028 Adopted CIP. The change to the size of the CIP is primarily attributable to the WRAOF and Advanced Metering Infrastructure Implementation projects.

Major Changes to Project Budgets

The following table outlines the most significant changes to project budgets, including new/augmented allocations and reduced/eliminated allocations.

Project	Incr/(Decr)
Water Resources Administration & Operations Facility	\$39.8 million
Advanced Metering Infrastructure Implementation	\$14.5 million
Coyote Well Rehabilitation/Replacement	\$465,000

OPERATING BUDGET IMPACT

There are no additional maintenance and operating costs associated with the projects in the 2024-2028 Adopted CIP. Future budgets will incorporate any incremental costs associated with the new Water Resources Administration & Operations Facility once the scope of the project is more defined as well as determining funding for fixtures, furnishings, and equipment.

COUNCIL-APPROVED REVISIONS TO THE PROPOSED CAPITAL IMPROVEMENT PROGRAM

Changes to the Proposed Capital Improvement Program were brought forward in the Mayor's June Budget Message for Fiscal Year 2023-2024 and adopted by the City Council on June 20, 2023. This included rebudgeting of unexpended funding for projects totaling \$11.8 million in [Manager's Budget Addendum #60](#), the largest of which includes Water Resources Administration & Operations Facility (\$5.1 million), North San José Reliability Well Development and Construction (\$2.4 million), North San José Reliability Well Construction (\$2.2 million), and Annual Water Main Replacement (\$2.0 million).

For more information, please refer to the [Mayor's June Budget Message for Fiscal Year 2023-2024](#), located in the Appendices of this document, and [Manager's Budget Addendum #61](#) which incorporates adjustments per the Mayor's June Budget Message.

Water Utility System

2024-2028 Adopted Capital Improvement Program

Source of Funds (Combined)

	Estimated 2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5-Year Total
Water Utility Capital Fund (500)							
Beginning Balance	11,370,432	15,828,204	6,976,700	5,197,200	1,903,700	1,009,200	15,828,204
Reserve for Encumbrance	7,083,349						
Transfers and Reimbursements							
Transfer from the Water Utility Fund	7,800,000	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	44,000,000
TOTAL Transfers and Reimbursements	7,800,000	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	44,000,000
Revenue from Use of Money and Property							
Interest Income	419,167	455,000	310,000	329,000	248,000	212,000	1,554,000
TOTAL Revenue from Use of Money and Property	419,167	455,000	310,000	329,000	248,000	212,000	1,554,000
Fees, Rates and Charges							
Advance System Design Fees	15,000	10,000	10,000	10,000	10,000	10,000	50,000
Meter Installation Fees	10,000	10,000	10,000	10,000	10,000	10,000	50,000
Service Connection Fees	65,000	15,000	15,000	15,000	15,000	15,000	75,000
TOTAL Fees, Rates and Charges	90,000	35,000	35,000	35,000	35,000	35,000	175,000
Financing Proceeds							
Commercial Paper Proceeds		51,000,000					51,000,000
TOTAL Financing Proceeds		51,000,000					51,000,000
Total Water Utility Capital Fund (500)	26,762,948	76,118,204	16,121,700	14,361,200	10,986,700	10,056,200	112,557,204

* The 2024-2025 through 2027-2028 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2024-2028 Adopted Capital Improvement Program

Source of Funds (Combined)

	Estimated 2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5-Year Total
Major Facilities Fund (502)							
Beginning Balance	6,344,540	6,436,085	532,085	576,085	633,085	699,085	6,436,085
Reserve for Encumbrance	93,316						
Revenue from Use of Money and Property							
Interest Income	111,545	148,000	59,000	72,000	81,000	80,000	440,000
TOTAL Revenue from Use of Money and Property	111,545	148,000	59,000	72,000	81,000	80,000	440,000
Total Major Facilities Fund (502)	6,549,401	6,584,085	591,085	648,085	714,085	779,085	6,876,085
 TOTAL SOURCES	 33,312,349	 82,702,289	 16,712,785	 15,009,285	 11,700,785	 10,835,285	 119,433,289

* The 2024-2025 through 2027-2028 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2024-2028 Adopted Capital Improvement Program

Use of Funds (Combined)

	Estimated 2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5-Year Total
Water Utility System							
Advanced Metering Infrastructure Implementation		13,700,000	600,000	200,000			14,500,000
Annual Water Main Replacement	4,496,163	3,888,000	1,900,000	1,600,000	1,600,000	1,900,000	10,888,000
Backup Generator Replacement	199,000						
Evergreen Reliability Well			200,000	800,000	800,000		1,800,000
Infrastructure Improvements	1,068,303	850,000	860,000	870,000	880,000	900,000	4,360,000
Meter Installations	95,000	50,000	50,000	50,000	50,000	50,000	250,000
North San José Reliability Well Construction	89,921	2,691,000	250,000				2,941,000
North San José Well Development and Construction	93,316	4,417,000					4,417,000
Safety and Security Improvements	386,000	100,000	100,000	100,000	100,000		400,000
Service Installations	364,619	200,000	200,000	200,000	200,000	200,000	1,000,000
Water Resources Administration & Operations Facility	2,168,496	41,011,504	2,280,000	2,280,000			45,571,504
Other Water - Construction	8,960,818	66,907,504	6,440,000	6,100,000	3,630,000	3,050,000	86,127,504
Water - Construction	8,960,818	66,907,504	6,440,000	6,100,000	3,630,000	3,050,000	86,127,504
Advance System Design	200,000	200,000	200,000	200,000	200,000	200,000	1,000,000
Debt Service			2,786,500	4,732,500	4,655,500	4,597,500	16,772,000
Coyote Well Replacement		465,000					465,000
Planning Efforts							
GIS Support	80,000	40,000					40,000
Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	15,000	75,000
Master Plan Engineering	185,000	190,000	200,000	210,000	210,000	240,000	1,050,000
Preliminary Engineering - Water	216,818	165,000	170,000	175,000	175,000	185,000	870,000
System Maintenance/Repairs	1,265,522	900,000	900,000	920,000	920,000	940,000	4,580,000

* The 2023-2024 through 2026-2027 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System

2024-2028 Adopted Capital Improvement Program

Use of Funds (Combined)

	Estimated						
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5-Year Total
General Non-Construction - Water	1,962,340	1,975,000	4,271,500	6,252,500	6,175,500	6,177,500	24,852,000
Water - Non Construction	1,962,340	1,975,000	4,271,500	6,252,500	6,175,500	6,177,500	24,852,000
Public Art Funding	28,460	156,000	3,000				159,000
Public Art Projects	28,460	156,000	3,000				159,000
Capital Program and Public Works Department Support Service Costs	88,000	74,000	9,000	9,000	6,000	6,000	104,000
Allocations	88,000	74,000	9,000	9,000	6,000	6,000	104,000
City Hall Debt Service Fund	3,584	11,000	11,000	11,000	11,000	11,000	55,000
Transfers to Special Funds	3,584	11,000	11,000	11,000	11,000	11,000	55,000
Transfer to the General Fund	4,858						
Transfers to the General Fund	4,858						
Transfers Expense	8,442	11,000	11,000	11,000	11,000	11,000	55,000
System Growth Related Projects Reserve		1,600,000					1,600,000
System Rehabilitation/Replacement Reserve		4,470,000	205,000	100,000	170,000	180,000	5,125,000
Expense Reserves - Non Construction		6,070,000	205,000	100,000	170,000	180,000	6,725,000
Total Expenditures	11,048,060	75,193,504	10,939,500	12,472,500	9,992,500	9,424,500	118,022,504
Ending Fund Balance	22,264,289	7,508,785	5,773,285	2,536,785	1,708,285	1,410,785	1,410,785
TOTAL	33,312,349	82,702,289	16,712,785	15,009,285	11,700,785	10,835,285	119,433,289

* The 2023-2024 through 2026-2027 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of One-Time Projects

Advanced Metering Infrastructure Implementation

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2023
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	Initial End Date	2nd Qtr. 2026
Location	City-wide	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	
Council Districts	City-wide	Initial Project Budget	\$14,500,000
Appropriation	A433Z	FY Initiated	2023-2024

Description This project will implement a system-wide upgrade of approximately 27,000 water meters from Automatic Meter Reading (AMR) system to a cellular based Advanced Metering Infrastructure (AMI) system.

Justification The project will benefit water conservation efforts, help customers reduce their water use and identify leaks, and help customers save money on water bills.

Notes Commercial paper is projected to be used to fund \$11.0 million of this project, with payments anticipated to be completed in 2030-2031.

Major Cost Changes

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
General Administration			337					337		337
Construction			13,363	600	200			14,163		14,163
Total			13,700	600	200			14,500		14,500

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)			13,700	600	200			14,500		14,500
Total			13,700	600	200			14,500		14,500

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of One-Time Projects

Coyote Well Replacement Planning Efforts

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2023
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	Initial End Date	2nd Qtr. 2024
Location	Coyote Valley	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	
Council Districts	2, 10	Initial Project Budget	\$465,000
Appropriation	A434A	FY Initiated	2023-2024

Description Funding will be used to identify and plan a project to rehabilitate and/or replace existing groundwater well(s) serving water to customers in the Coyote Valley area.

Justification The project will address operational and water quality issues encountered at existing groundwater well(s) that have reached the end of useful life.

Notes The initial \$465,000 budget will cover initial analysis and planning efforts; additional funding will be needed and identified in future budgets for the construction of improvements.

Major Cost Changes

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Project Feasibility Development			465					465		465
Total			465					465		465

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Funding Source Schedule (000s)										
Water Utility Capital Fund (500)			465					465		465
Total			465					465		465

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Reliability Well Construction

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2019
CSA Outcome	Reliable Utility Infrastructure	Initial End Date	2nd Qtr. 2021
Location	Trimble Road	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2025
Council Districts	4	Initial Project Budget	\$1,460,000
Appropriation	A415N	FY Initiated	2019-2020

Description This project constructs a groundwater well in the North San José service area to provide water supply reliability to existing customers.

Justification An existing backup well has begun to reach end of useful life and exceed secondary maximum contaminant limit health standards. This project will replace the existing reliability well.

Notes

Major Cost Changes 2022-2026 CIP - Increase of \$1.0 million due to revised project scope and construction cost estimate.
 2023-2027 CIP - Increase of \$150,000 due to revised project scope.
 2024-2028 CIP - Increase of \$550,000 due to revised project scope.

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Design										
Construction	132	90	2,691	250				2,941		3,163
Total	132	90	2,691	250				2,941		3,163

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Funding Source Schedule (000s)										
Water Utility Capital Fund (500)	132	90	2,691	250				2,941		3,163
Total	132	90	2,691	250				2,941		3,163

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of One-Time Projects

North San José Well Development and Construction

CSA	Environmental and Utility Services	Initial Start Date	2nd Qtr. 2016
CSA Outcome	Safe, Reliable, and Sufficient Water Supply	Initial End Date	2nd Qtr. 2017
Location	North San José Service Area	Revised Start Date	3rd Qtr. 2019
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2024
Council Districts	4	Initial Project Budget	\$1,560,000
Appropriation	A6274	FY Initiated	2015-2016

Description This allocation provides funding for the development and construction of groundwater production well(s) in the North San José service area. To meet the increasing demands of growth in the area, this project is funding one well to be completed in 2023-2024 with additional wells to be constructed in the future.

Justification Construction and development of new wells will be needed 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.

Notes

Major Cost Changes 2021-2025 CIP - Increase of \$2.5 million due to increased scope and project cost estimates.
2022-2026 CIP - Increase of \$495,000 due to increased project cost estimates.

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
Design	45	93								138
Construction			4,417					4,417		4,417
Total	45	93	4,417					4,417		4,555

Funding Source Schedule (000s)										
Major Facilities Fund (502)	45	93	4,417					4,417		4,555
Total	45	93	4,417					4,417		4,555

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of One-Time Projects

Water Resources Administration & Operations Facility

CSA	Environmental and Utility Services	Initial Start Date	3rd Qtr. 2020
CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Water System	Initial End Date	2nd Qtr. 2025
Location	3025 Tuers Road	Revised Start Date	
Dept Owner	Environmental Services	Revised End Date	2nd Qtr. 2026
Council Districts	7	Initial Project Budget	\$14,500,000
Appropriation	A421C	FY Initiated	2020-2021

Description This project will build a new Administration and Operations Building for the Water Resources Division. The new facility is expected to consist of one large building to house all staff and infrastructure necessary to ensure continuous operation of the San José Municipal Water Utility System. Site amenities are expected to include conference and training rooms; a customer service and payment area; a water quality laboratory; a map room for utility plans and documents; a warehouse for equipment, materials, and parts; a welding shop for metalwork and fabrication needs; adequate parking for staff, City vehicles, and visitors; and site security systems and fencing.

Justification Division staff are currently located in three separate buildings comprising of a converted vehicle storage warehouse, a temporary mobile office trailer, and an administration building. All three buildings have reached the end of useful life and require replacement and/or significant upgrades.

Notes The cost estimate for this project is \$49 million, with a construction contract awarded in August 2023. Construction is scheduled to start in the third quarter of 2023. Commercial Paper is expected to be issued in 2023-2024 to finance \$40 million for this project, with the remaining project costs budgeted within the project appropriation. Commercial Paper is expected to be repaid through the issuance of lease revenue bonds in 2024-2025.

Major Cost Changes 2022-2026 CIP - Decrease of \$9.0 million to remove debt service costs until construction schedule is finalized.
 2023-2027 CIP - Increase of \$3.0 million for partial design and project delivery needs.
 2024-2028 CIP - Increase of \$39.8 million for construction budget and remaining delivery needs.

	PRIOR YEARS	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
Expenditure Schedule (000s)										
General Administration	35									35
Design	1,186	2,138	1,337					1,337		4,662
Construction			39,675	2,280	2,280			44,235		44,235
Public Art		30								30
Total	1,222	2,168	41,012	2,280	2,280			45,572		48,962

Funding Source Schedule (000s)										
Water Utility Capital Fund (500)	1,222	2,168	41,012	2,280	2,280			45,572		48,962
Total	1,222	2,168	41,012	2,280	2,280			45,572		48,962

Annual Operating Budget Impact (000s)										
Total										

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Advance System Design

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4346
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.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	200	200	200	200	200	200	200	1,000
Total	200	200	200	200	200	200	200	1,000

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	200	200	200	200	200	200	200	1,000
Total	200	200	200	200	200	200	200	1,000

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Annual Water Main Replacement

CSA Outcome	Safe, Reliable, and Sufficient Water Supply; Reliable Water System	Council Districts	City-wide
Department Owner	Environmental Services	Appropriation	A410Q
Description	This project is part of a continuing program to maintain and upgrade the City's Municipal Water distribution system. Most water pipes have a design life of roughly 50 years, depending upon when it was manufactured and the soil conditions where it is installed. The program has prioritized water mains for replacement throughout the service areas of Muni Water System by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe if it failed considering location and traffic conditions.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	79	79						
Construction	6,405	4,417	3,888	1,900	1,600	1,600	1,900	10,888
Total	6,484	4,496	3,888	1,900	1,600	1,600	1,900	10,888

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	6,484	4,496	3,888	1,900	1,600	1,600	1,900	10,888
Total	6,484	4,496	3,888	1,900	1,600	1,600	1,900	10,888

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

GIS Support

CSA Outcome	Reliable Utility Infrastructure	Council Districts	City-wide
Department Owner	Environmental Services	Appropriation	A7365
Description	This allocation funds Geographic Information System (GIS) related updates, improvements, support services, and other associated needs. This is an ongoing project, but funding is programmed when needed.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	80	80	40					40
Total	80	80	40					40

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	80	80	40					40
Total	80	80	40					40

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Infrastructure Improvements

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5366
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.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	228	228						
Construction	840	840	850	860	870	880	900	4,360
Total	1,068	1,068	850	860	870	880	900	4,360

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	1,068	1,068	850	860	870	880	900	4,360
Total	1,068	1,068	850	860	870	880	900	4,360

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Major Facilities Fee Administration

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5369
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.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
General Administration	15	15	15	15	15	15	15	75
Total	15	15	15	15	15	15	15	75

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Funding Source Schedule (000s)								
Major Facilities Fund (502)	15	15	15	15	15	15	15	75
Total	15	15	15	15	15	15	15	75

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Master Plan Engineering

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4349
Description	This allocation is used to update the Water System Master Plan based on anticipated development and customer consumption.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Project Feasibility Development	185	185	190	200	210	210	240	1,050
Total	185	185	190	200	210	210	240	1,050

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	185	185	190	200	210	210	240	1,050
Total	185	185	190	200	210	210	240	1,050

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Meter Installations

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4347
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.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Construction	95	95	50	50	50	50	50	250
Total	95	95	50	50	50	50	50	250

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	95	95	50	50	50	50	50	250
Total	95	95	50	50	50	50	50	250

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Preliminary Engineering - Water

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4952
Description	This allocation provides funding for project development in the early stages of planning.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	217	217	165	170	175	175	185	870
Total	217	217	165	170	175	175	185	870

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	217	217	165	170	175	175	185	870
Total	217	217	165	170	175	175	185	870

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Safety and Security Improvements

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4095

Description This project includes the repair and installation of additional safety and security improvements 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.

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Construction	386	386	100	100	100	100		400
Total	386	386	100	100	100	100		400

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	386	386	100	100	100	100		400
Total	386	386	100	100	100	100		400

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

Service Installations

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A4348
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.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Construction	365	365	200	200	200	200	200	1,000
Total	365	365	200	200	200	200	200	1,000

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	365	365	200	200	200	200	200	1,000
Total	365	365	200	200	200	200	200	1,000

Water Utility System
2024-2028 Adopted Capital Improvement Program
Detail of Ongoing Projects

System Maintenance/Repairs

CSA Outcome	Reliable Utility Infrastructure	Council Districts	2, 4, 7, 8
Department Owner	Environmental Services	Appropriation	A5876
Description	This allocation funds emergency and miscellaneous repairs in the distribution system.		

	FY23 Budget	FY23 EST	FY24	FY25	FY26	FY27	FY28	5 Year Total
Expenditure Schedule (000s)								
Design	486	486						
Construction			120	100	120	120	940	1,400
Equipment, Materials and Supplies	780	780	780	800	800	800		3,180
Total	1,266	1,266	900	900	920	920	940	4,580

Funding Source Schedule (000s)								
Water Utility Capital Fund (500)	1,266	1,266	900	900	920	920	940	4,580
Total	1,266	1,266	900	900	920	920	940	4,580

Water Utility System
2024-2028 Adopted Capital Improvement Program
Summary of Projects that Start After 2023-2024

Project Name	Debt Service	Initial Start Date	2nd. Qtr. 2025
5-Yr CIP Budget	\$ 16,772,000	Initial End Date	N/A
Total Budget	\$ 16,772,000	Revised Start Date	
Council Districts	N/A	Revised End Date	
Description	This allocation funds the repayment of financing proceeds used to fund a portion of the Water Resources Administrations & Operations Facility and the Advanced Metering Infrastructure Implementation.		

Project Name	Evergreen Reliability Well	Initial Start Date	3rd Qtr. 2024
5-Yr CIP Budget	\$ 1,800,000	Initial End Date	2nd Qtr. 2027
Total Budget	\$ 1,800,000	Revised Start Date	
Council Districts	8	Revised End Date	
Description	This allocation provides initial funding for the siting, design, development, and construction of a groundwater production well to provide water supply reliability in the Evergreen service area.		

Water Utility System
2024-2028 Adopted Capital Improvement Program
Summary of Reserves

Project Name System Growth Related Projects Reserve
5-Yr CIP Budget \$ 1,600,000
Total Budget \$ 1,600,000
Council Districts 2
Description This reserve sets aside funds in the Major Facilities Fund for acquisition of property and the construction of facilities to accommodate future system growth and development.

Project Name System Rehabilitation/Replacement Reserve
5-Yr CIP Budget \$ 5,125,000
Total Budget \$ 5,125,000
Council Districts 2
Description This reserve sets aside funds in the Water Utility Capital Fund for rehabilitation and/or replacement of existing facilities.
