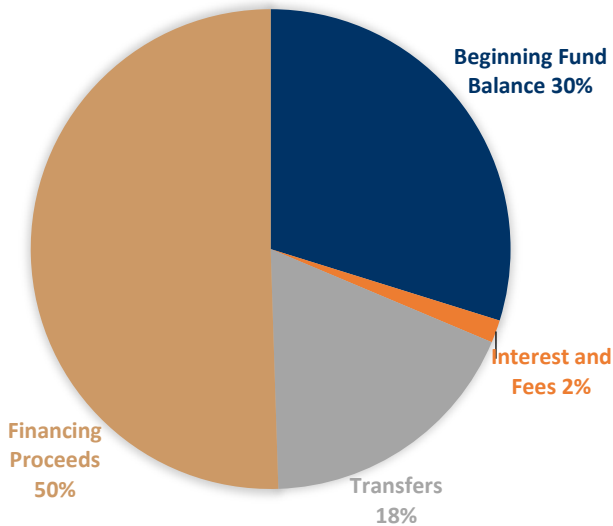


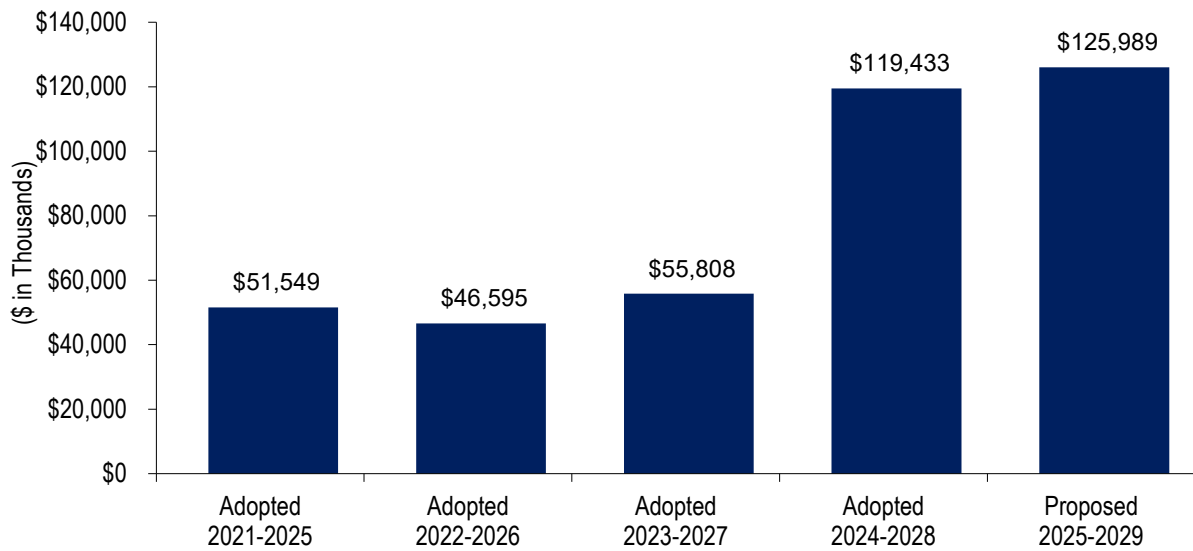
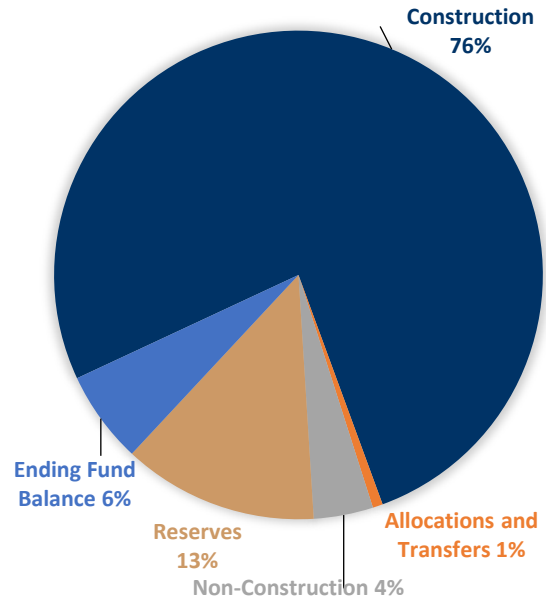
# WATER UTILITY SYSTEM

## 2025-2029 Capital Improvement Program

**2024-2025 PROPOSED  
SOURCE OF FUNDS**



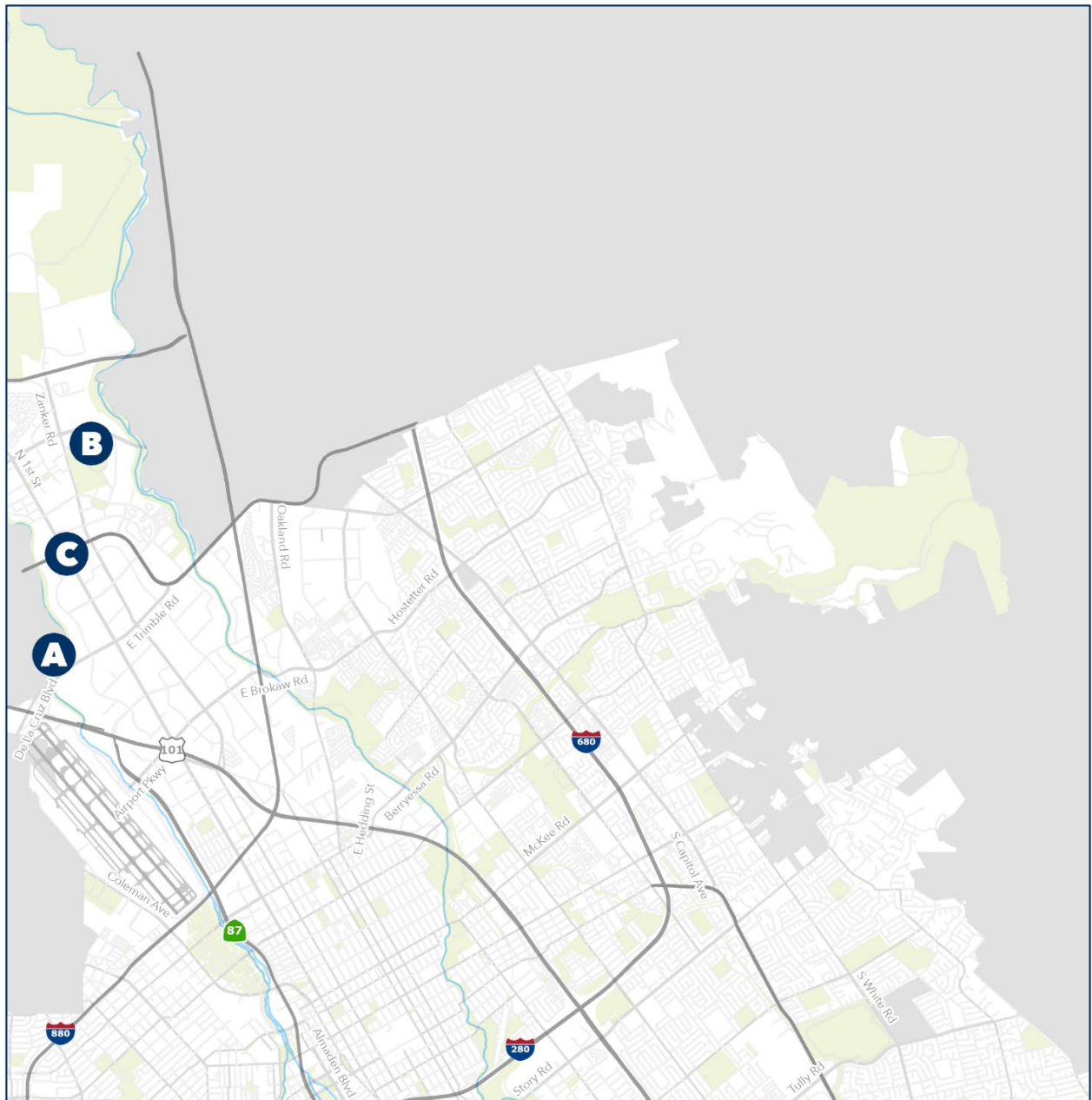
**2024-2025 PROPOSED  
USE OF FUNDS**



# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### North East

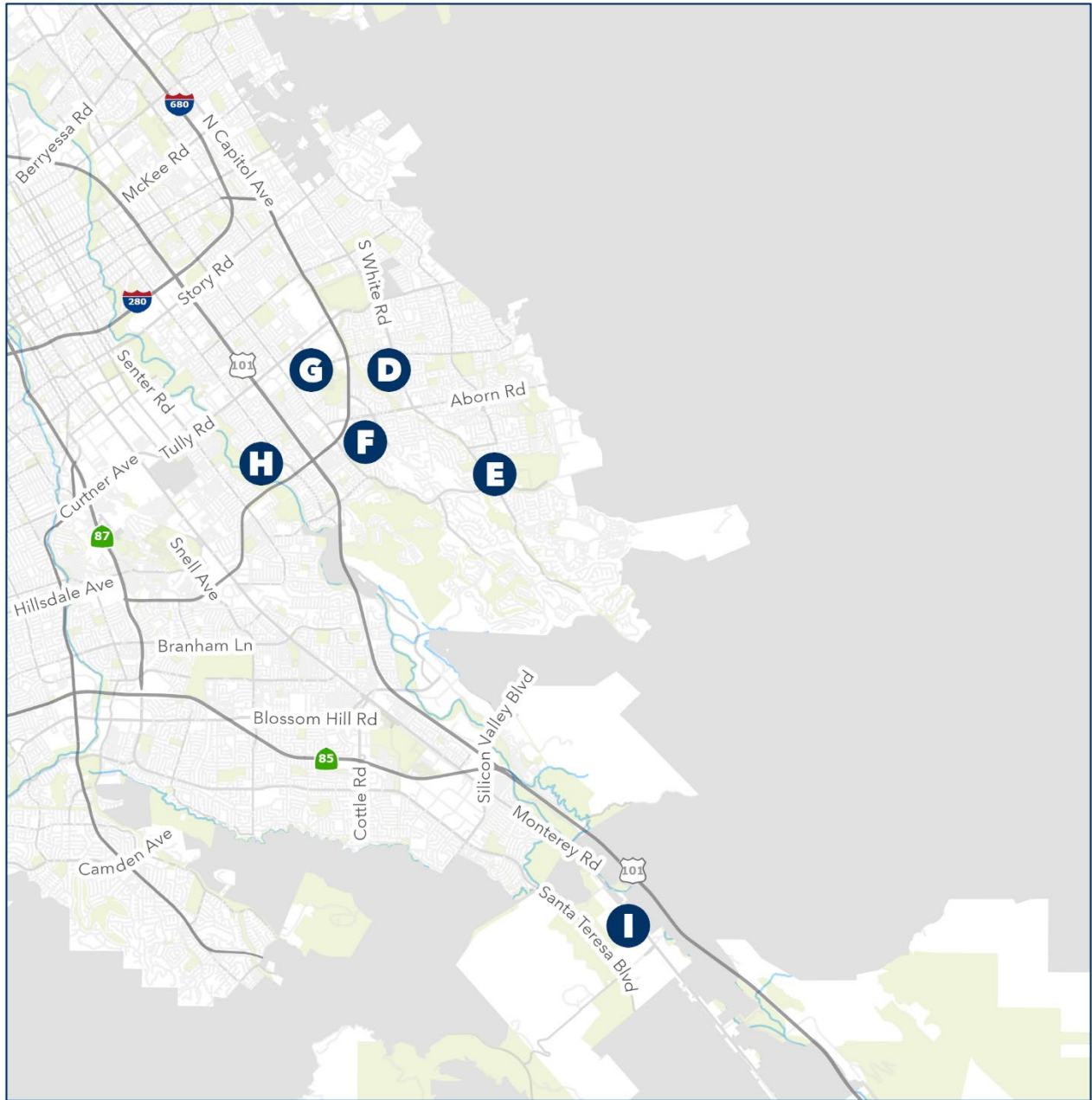


- A** North San José Reliability Well Construction
- B** North San José Well Development and Construction
- C** Advanced Metering Infrastructure Implementation

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### South East



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

# Water Utility System

## 2025-2029 Proposed 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 2025-2029 Proposed Capital Improvement Program (CIP) provides funding of \$126.0 million, of which \$48.5 million is allocated in 2024-2025.

<b>MUNICIPAL WATER SYSTEM PUBLIC INFRASTRUCTURE</b>	
MILES OF WATER MAINS	347
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**

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

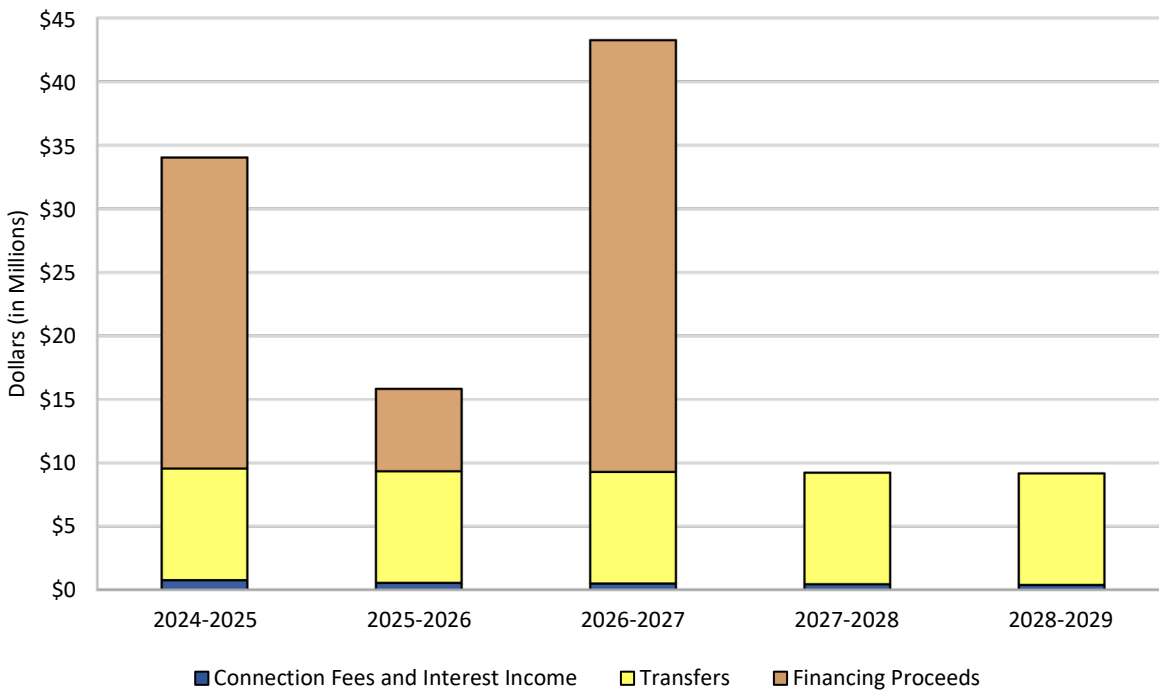
### OVERVIEW

#### SOURCES OF FUNDING

Over the five years of the Proposed CIP, the funds available for capital improvements are estimated to total \$126.0 million, which consists of \$123.3 million in the Water Utility Capital Fund and \$2.7 million in the Major Facilities Fund. Revenue for the Proposed CIP is derived from a combination of funding sources: transfers from the Water Utility Fund to the Water Utility Capital Fund, financing proceeds, 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 five-year CIP. Fee revenue in the Water Utility Capital Fund is generated from Service Connection Fees, Advanced System Design Fees, and Meter Installation Fees, and is estimated to total \$225,000 through the five-year CIP. Financing proceeds of \$32.0 million from commercial paper for the Water Resources Administration & Operations Facility (WRAOF) and Advanced Metering Infrastructure Improvements are included in this CIP. An additional \$33.0 million in bond financing revenues is expected to be issued in 2026-2027 to support the repayment of outstanding commercial paper debt for WRAOF.

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

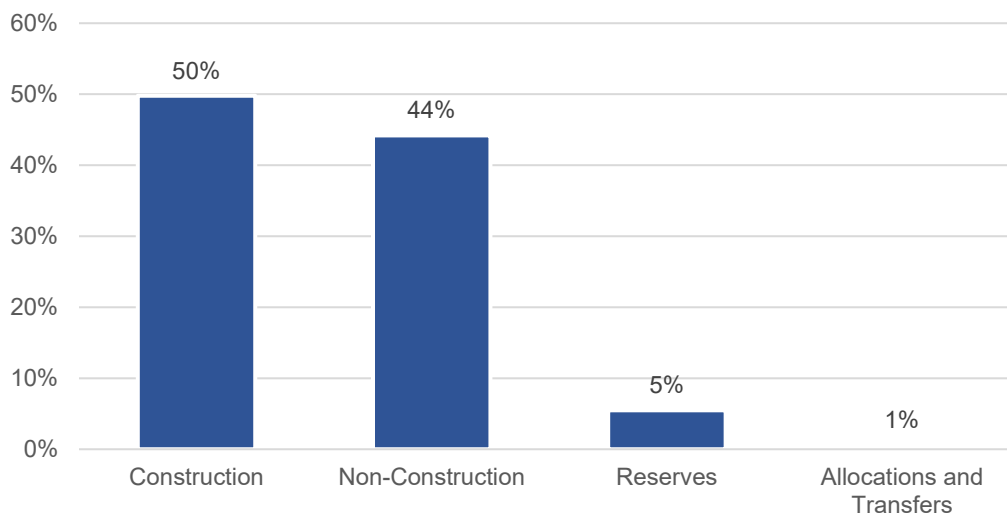
## 2025-2029 Proposed Capital Improvement Program

### 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.

#### 2025-2029 Water Utility System Capital Program Expenditures \$123.9 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 2024-2025 Proposed Operating Budget in the Water Utility Fund.

#### Debt Service

Two projects described below and included in the 2025-2029 Proposed CIP are utilizing financing proceeds to fund their award and completion. These financing proceeds bring with them debt service obligations that will be repaid in the Water Utility Capital Fund and have been programmed in the Debt Service and Commercial Paper Repayment 2027 allocations.

#### ***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

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

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### OVERVIEW

#### PROGRAM HIGHLIGHTS

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.

#### ***Water Resources Administration & Operations Facility***

The Proposed CIP includes continued funding for the Water Resources Administration & Operations Facility (total project cost of \$37.9 million), 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. 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.

The new Water Resources Administration & Operations Facility is under construction and will consist of one large building that will house all staff and infrastructure necessary to ensure continuous operations. The new facility will 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. Commercial paper is projected to be issued in 2024-2025 to fund the project, which is in turn anticipated to be repaid with the issuance of long-term debt in 2026-2027.

#### System-Wide

In an effort to maintain and upgrade the Muni Water distribution system, the Proposed CIP includes funding for the Annual Water Main Replacement Project (\$9.2 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 Proposed CIP also includes funding for System Maintenance and Repairs (\$4.6 million) and Infrastructure Improvements (\$4.4 million).

The System Rehabilitation/Replacement Reserve totals \$5.2 million in the Proposed 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, liquidation of the reserve may be required to maintain infrastructure.



**Installation of a water valve**

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

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### OVERVIEW

#### PROGRAM HIGHLIGHTS

##### 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 Proposed 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.

#### MAJOR CHANGES FROM THE 2024-2028 ADOPTED CIP

The overall size of the Water Utility System CIP has increased by approximately \$6.0 million, from \$119.4 million in the 2024-2028 Adopted CIP to \$126.0 million in the 2025-2029 Proposed CIP. The change to the size of the CIP is primarily attributable to the incorporation of commercial paper and bond financing mechanisms in the 2025-2029 Proposed CIP to support the construction of the Advanced Metering Infrastructure project and the Water Resources Administration & Operations Facility.



**Preparing for a water main installation**

#### OPERATING BUDGET IMPACT

There are no additional maintenance and operating costs associated with the projects in the 2025-2029 Proposed CIP. Future Operating budgets may incorporate additional incremental costs associated with the new Water Resources Administration & Operations Facility and/or the Advanced Metering Infrastructure ongoing implementation; potential additional costs will need to be defined once the project components are all known and the projects are closer to completion.



# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### Source of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
<b>Water Utility Capital Fund (500)</b>							
<b>Beginning Balance</b>	16,636,034	12,233,724	2,231,724	5,277,724	2,199,724	1,584,724	12,233,724
<b>Reserve for Encumbrance</b>	3,466,375						
<b>Transfers and Reimbursements</b>							
Transfer from the Water Utility Fund	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	44,000,000
<b>TOTAL Transfers and Reimbursements</b>	<b>8,800,000</b>	<b>8,800,000</b>	<b>8,800,000</b>	<b>8,800,000</b>	<b>8,800,000</b>	<b>8,800,000</b>	<b>44,000,000</b>
<b>Revenue from Use of Money and Property</b>							
Interest Income	777,000	576,000	397,000	336,000	279,000	226,000	1,814,000
<b>TOTAL Revenue from Use of Money and Property</b>	<b>777,000</b>	<b>576,000</b>	<b>397,000</b>	<b>336,000</b>	<b>279,000</b>	<b>226,000</b>	<b>1,814,000</b>
<b>Fees, Rates and Charges</b>							
Advance System Design Fees	10,000	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	25,000	25,000	25,000	25,000	25,000	25,000	125,000
<b>TOTAL Fees, Rates and Charges</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>225,000</b>
<b>Financing Proceeds</b>							
Commercial Paper Proceeds		24,500,000	6,500,000	1,000,000			32,000,000
Bond Proceeds				33,000,000			33,000,000
<b>TOTAL Financing Proceeds</b>		<b>24,500,000</b>	<b>6,500,000</b>	<b>34,000,000</b>			<b>65,000,000</b>
<b>Total Water Utility Capital Fund (500)</b>	<b>29,724,409</b>	<b>46,154,724</b>	<b>17,973,724</b>	<b>48,458,724</b>	<b>11,323,724</b>	<b>10,655,724</b>	<b>123,272,724</b>

\* The 2025-2026 through 2028-2029 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### Source of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
<b>Major Facilities Fund (502)</b>							
<b>Beginning Balance</b>	6,496,215	2,228,215	734,215	804,215	884,215	966,215	2,228,215
<b>Reserve for Encumbrance</b>	92,281						
<b>Revenue from Use of Money and Property</b>							
Interest Income	189,000	121,000	85,000	95,000	97,000	90,000	488,000
<b>TOTAL Revenue from Use of Money and Property</b>	<b>189,000</b>	<b>121,000</b>	<b>85,000</b>	<b>95,000</b>	<b>97,000</b>	<b>90,000</b>	<b>488,000</b>
<b>Total Major Facilities Fund (502)</b>	<b>6,777,496</b>	<b>2,349,215</b>	<b>819,215</b>	<b>899,215</b>	<b>981,215</b>	<b>1,056,215</b>	<b>2,716,215</b>
<b>TOTAL SOURCES</b>	<b>36,501,905</b>	<b>48,503,939</b>	<b>18,792,939</b>	<b>49,357,939</b>	<b>12,304,939</b>	<b>11,711,939</b>	<b>125,988,939</b>

\* The 2025-2026 through 2028-2029 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### Use of Funds (Combined)

	Estimated 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	5-Year Total
<b>Water Utility System</b>							
Advanced Metering Infrastructure Implementation		5,000,000	5,000,000	4,500,000			14,500,000
Annual Water Main Replacement	4,342,904	1,900,000	1,900,000	1,600,000	1,900,000	1,900,000	9,200,000
Backup Generator Replacement	199,000						
Evergreen Reliability Well		200,000	800,000	800,000			1,800,000
Infrastructure Improvements	1,318,461	860,000	870,000	880,000	900,000	920,000	4,430,000
Meter Installations	95,001	50,000	50,000	50,000	50,000	50,000	250,000
North San José Reliability Well Construction	2,780,921	250,000					250,000
North San José Well Development and Construction	4,509,281						
Safety and Security Improvements	486,000	100,000	100,000	100,000			300,000
Service Installations	349,365	200,000	200,000	200,000	200,000	200,000	1,000,000
Water Resources Administration & Operations Facility	5,200,000	28,472,000	1,500,000				29,972,000
<b>Other Water - Construction</b>	<b>19,280,932</b>	<b>37,032,000</b>	<b>10,420,000</b>	<b>8,130,000</b>	<b>3,050,000</b>	<b>3,070,000</b>	<b>61,702,000</b>
<b>Water - Construction</b>	<b>19,280,932</b>	<b>37,032,000</b>	<b>10,420,000</b>	<b>8,130,000</b>	<b>3,050,000</b>	<b>3,070,000</b>	<b>61,702,000</b>
Advance System Design	200,000	200,000	200,000	200,000	200,000	200,000	1,000,000
Debt Service		303,000	537,000	3,387,000	4,908,000	4,852,000	13,987,000
Commercial Paper Repayment 2027				33,000,000			33,000,000
Coyote Well Replacement	465,000						
Planning Efforts							
GIS Support		120,000					120,000
Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	15,000	75,000
Master Plan Engineering	290,000	200,000	210,000	210,000	240,000	240,000	1,100,000

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

# Water Utility System

## 2025-2029 Proposed Capital Improvement Program

### Use of Funds (Combined)

	Estimated						
	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>	<b>5-Year Total</b>
Preliminary Engineering - Water	195,118	170,000	175,000	175,000	185,000	185,000	890,000
System Maintenance/Repairs	1,244,406	900,000	920,000	920,000	940,000	940,000	4,620,000
<b>General Non-Construction - Water</b>	<b>2,409,524</b>	<b>1,908,000</b>	<b>2,057,000</b>	<b>37,907,000</b>	<b>6,488,000</b>	<b>6,432,000</b>	<b>54,792,000</b>
<b>Water - Non-Construction</b>	<b>2,409,524</b>	<b>1,908,000</b>	<b>2,057,000</b>	<b>37,907,000</b>	<b>6,488,000</b>	<b>6,432,000</b>	<b>54,792,000</b>
Public Art Funding	164,510	25,000	23,000				48,000
<b>Public Art Projects</b>	<b>164,510</b>	<b>25,000</b>	<b>23,000</b>				<b>48,000</b>
Capital Program and Public Works Department Support Service Costs	174,000	287,000	100,000	56,000	45,000	45,000	533,000
<b>Allocations</b>	<b>174,000</b>	<b>287,000</b>	<b>100,000</b>	<b>56,000</b>	<b>45,000</b>	<b>45,000</b>	<b>533,000</b>
City Hall Debt Service Fund	11,000	11,000	11,000	11,000	11,000	11,000	55,000
<b>Transfers to Special Funds</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>55,000</b>
<b>Transfers Expense</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>55,000</b>
System Growth Related Projects Reserve		1,600,000					1,600,000
System Rehabilitation/Replacement Reserve		4,675,000	100,000	170,000	160,000	80,000	5,185,000
<b>Expense Reserves - Non-Construction</b>		<b>6,275,000</b>	<b>100,000</b>	<b>170,000</b>	<b>160,000</b>	<b>80,000</b>	<b>6,785,000</b>
<b>Total Expenditures</b>	<b>22,039,966</b>	<b>45,538,000</b>	<b>12,711,000</b>	<b>46,274,000</b>	<b>9,754,000</b>	<b>9,638,000</b>	<b>123,915,000</b>
Ending Fund Balance	14,461,939	2,965,939	6,081,939	3,083,939	2,550,939	2,073,939	2,073,939
<b>TOTAL</b>	<b>36,501,905</b>	<b>48,503,939</b>	<b>18,792,939</b>	<b>49,357,939</b>	<b>12,304,939</b>	<b>11,711,939</b>	<b>125,988,939</b>

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

**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Detail of One-Time Projects**

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**Advanced Metering Infrastructure Implementation**

<b>CSA</b>	Environmental and Utility Services	<b>Initial Start Date</b>	3rd Qtr. 2023
<b>CSA Outcome</b>	Safe, Reliable, and Sufficient Water Supply; Reliable Utility System	<b>Initial End Date</b>	2nd Qtr. 2026
<b>Location</b>	City-wide	<b>Revised Start Date</b>	3rd Qtr. 2024
<b>Dept Owner</b>	Environmental Services	<b>Revised End Date</b>	2nd Qtr. 2027
<b>Council Districts</b>	City-wide	<b>Initial Project Budget</b>	\$14,500,000
<b>Appropriation</b>	A433Z	<b>FY Initiated</b>	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 2033-2034.

**Major Cost Changes**

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Expenditure Schedule (000s)</b>										
Construction			5,000	5,000	4,500			14,500		14,500
<b>Total</b>			<b>5,000</b>	<b>5,000</b>	<b>4,500</b>			<b>14,500</b>		<b>14,500</b>

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Funding Source Schedule (000s)</b>										
Water Utility Capital Fund (500)			5,000	5,000	4,500			14,500		14,500
<b>Total</b>			<b>5,000</b>	<b>5,000</b>	<b>4,500</b>			<b>14,500</b>		<b>14,500</b>

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Annual Operating Budget Impact (000s)</b>										
<b>Total</b>										

**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Detail of One-Time Projects**

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**Debt Service**

<b>CSA</b>	Environmental and Utility Services	<b>Initial Start Date</b>	2nd Qtr. 2025
<b>CSA Outcome</b>	Reliable Utility Infrastructure	<b>Initial End Date</b>	2nd Qtr. 2040
<b>Location</b>	N/A	<b>Revised Start Date</b>	2nd Qtr. 2024
<b>Dept Owner</b>	Environmental Services	<b>Revised End Date</b>	TBD
<b>Council Districts</b>	N/A	<b>Initial Project Budget</b>	\$72,994,000
<b>Appropriation</b>	TEMP_1024	<b>FY Initiated</b>	2024-2025

**Description** This allocation funds the repayment of financing proceeds and associated fees and interest payments on the commercial paper used to fund a portion of the Water Resources Administrations & Operations Facility and the Advanced Metering Infrastructure Implementation.

**Justification** Because of large one-time costs incurred by construction projects, the use of commercial paper financing was determined to be an effective way to ensure lower and steadier impacts to rates. The allocation is needed to repay the debt and associated fees due to those financing facilities over time.

**Notes** The preliminary estimate for debt service is \$73.0 million. The cost estimates and project schedule will be further refined as the two projects proceed and the debt is issued and drawn. The majority of the debt is attributed to the Water Resources Administrations & Operations Facility.

**Major Cost Changes**

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Expenditure Schedule (000s)</b>										
General Administration			303	537	3,387	4,908	4,852	13,987	59,007	72,994
<b>Total</b>			<b>303</b>	<b>537</b>	<b>3,387</b>	<b>4,908</b>	<b>4,852</b>	<b>13,987</b>	<b>59,007</b>	<b>72,994</b>

<b>Funding Source Schedule (000s)</b>										
Water Utility Capital Fund (500)			303	537	3,387	4,908	4,852	13,987	59,007	72,994
<b>Total</b>			<b>303</b>	<b>537</b>	<b>3,387</b>	<b>4,908</b>	<b>4,852</b>	<b>13,987</b>	<b>59,007</b>	<b>72,994</b>

<b>Annual Operating Budget Impact (000s)</b>										
<b>Total</b>										

**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Detail of One-Time Projects**

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**Evergreen Reliability Well**

<b>CSA</b>	Environmental and Utility Services	<b>Initial Start Date</b>	3rd Qtr. 2024
<b>CSA Outcome</b>	Safe, Reliable, Sufficient Water Supply	<b>Initial End Date</b>	2nd Qtr. 2027
<b>Location</b>	Capitol Expressway at Nieman Boulevard	<b>Revised Start Date</b>	
<b>Dept Owner</b>	Environmental Services	<b>Revised End Date</b>	
<b>Council Districts</b>	8	<b>Initial Project Budget</b>	\$1,800,000
<b>Appropriation</b>	TEMP_600	<b>FY Initiated</b>	2020-2021

**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.

**Justification** A new groundwater production well will allow for operational flexibility by supplementing existing treated water supplies and will help ensure a reliable potable water supply in the Evergreen service area.

**Notes**

**Major Cost Changes**

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Expenditure Schedule (000s)</b>										
Construction			200	800	800			1,800		1,800
<b>Total</b>			<b>200</b>	<b>800</b>	<b>800</b>			<b>1,800</b>		<b>1,800</b>

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Funding Source Schedule (000s)</b>										
Water Utility Capital Fund (500)			200	800	800			1,800		1,800
<b>Total</b>			<b>200</b>	<b>800</b>	<b>800</b>			<b>1,800</b>		<b>1,800</b>

	PRIOR YEARS	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Annual Operating Budget Impact (000s)</b>										
<b>Total</b>										

**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Detail of One-Time Projects**

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**North San José Reliability Well Construction**

<b>CSA</b>	Environmental and Utility Services	<b>Initial Start Date</b>	3rd Qtr. 2019
<b>CSA Outcome</b>	Reliable Utility Infrastructure	<b>Initial End Date</b>	2nd Qtr. 2021
<b>Location</b>	Trimble Road	<b>Revised Start Date</b>	
<b>Dept Owner</b>	Environmental Services	<b>Revised End Date</b>	2nd Qtr. 2025
<b>Council Districts</b>	4	<b>Initial Project Budget</b>	\$1,460,000
<b>Appropriation</b>	A415N	<b>FY Initiated</b>	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	FY24 EST	FY25	FY26	FY27	FY28	FY29	5 YEAR TOTAL	BEYOND 5 YEARS	PROJECT TOTAL
<b>Expenditure Schedule (000s)</b>										
Construction	132	2,781	250					250		3,163
<b>Total</b>	<b>132</b>	<b>2,781</b>	<b>250</b>					<b>250</b>		<b>3,163</b>

<b>Funding Source Schedule (000s)</b>										
Water Utility Capital Fund (500)	132	2,781	250					250		3,163
<b>Total</b>	<b>132</b>	<b>2,781</b>	<b>250</b>					<b>250</b>		<b>3,163</b>

<b>Annual Operating Budget Impact (000s)</b>										
<b>Total</b>										



**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Detail of One-Time Projects**

**Water Resources Administration & Operations Facility**

<b>CSA</b>	Environmental and Utility Services	<b>Initial Start Date</b>	3rd Qtr. 2020
<b>CSA Outcome</b>	Safe, Reliable, and Sufficient Water Supply; Reliable Water System	<b>Initial End Date</b>	2nd Qtr. 2025
<b>Location</b>	3025 Tuers Road	<b>Revised Start Date</b>	
<b>Dept Owner</b>	Environmental Services	<b>Revised End Date</b>	2nd Qtr. 2026
<b>Council Districts</b>	7	<b>Initial Project Budget</b>	\$14,500,000
<b>Appropriation</b>	A421C	<b>FY Initiated</b>	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 \$37.9 million, with a construction contract awarded in August 2023. Construction started in the third quarter of 2023. Commercial Paper is expected to be issued starting in 2024-2025 to finance \$30.0 million of this project. Please see the Debt Service detail page for more information on the repayment of Commercial Paper debt.

**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.  
 2025-2029 CIP - Decrease of \$11.1 million for revised construction cost estimate.

	<b>PRIOR</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>5 YEAR</b>	<b>BEYOND</b>	<b>PROJECT</b>
	<b>YEARS</b>	<b>EST</b>						<b>TOTAL</b>	<b>5 YEARS</b>	<b>TOTAL</b>
<b>Expenditure Schedule (000s)</b>										
General Administration	53									53
Property & Land	372									372
Design	2,241	2,421								4,662
Bid & Award	16									16
Construction		2,546	28,472	1,500				29,972		32,518
Equipment, Materials and Supplies	31									31
Maintenance, Repairs, Other	15	234								249
<b>Total</b>	<b>2,728</b>	<b>5,200</b>	<b>28,472</b>	<b>1,500</b>				<b>29,972</b>		<b>37,900</b>

<b>Funding Source Schedule (000s)</b>										
Water Utility Capital Fund (500)	2,728	5,200	28,472	1,500				29,972		37,900
<b>Total</b>	<b>2,728</b>	<b>5,200</b>	<b>28,472</b>	<b>1,500</b>				<b>29,972</b>		<b>37,900</b>

<b>Annual Operating Budget Impact (000s)</b>										
<b>Total</b>										

**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Summary of Projects that Start After 2024-2025**

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<b>Project Name</b>	Commercial Paper Repayment 2027	<b>Initial Start Date</b>	3rd Qtr. 2026
<b>5-Yr CIP Budget</b>	\$ 33,000,000	<b>Initial End Date</b>	2nd Qtr. 2027
<b>Total Budget</b>	\$ 33,000,000	<b>Revised Start Date</b>	
<b>Council Districts</b>	N/A	<b>Revised End Date</b>	
<b>Description</b>	This allocation provides funding to pay off outstanding commercial paper debt, incurred to provide initial funding to support the construction of the Water Resources Administration and Operations Facility. Long-term bonds are expected to be issued in 2026-2027.		

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**Water Utility System**  
**2025-2029 Proposed Capital Improvement Program**  
**Summary of Reserves**

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**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.

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**Project Name** System Rehabilitation/Replacement Reserve  
**5-Yr CIP Budget** \$ 5,185,000  
**Total Budget** \$ 5,185,000  
**Council Districts** 2  
**Description** This reserve sets aside funds in the Water Utility Capital Fund for rehabilitation and/or replacement of existing facilities.

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